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**TRANSCRIPT OF RECORD**

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**SUPREME COURT OF THE UNITED STATES**

**OCTOBER TERM, 1924**

**No. 212**

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**THE DELAWARE AND HUDSON COMPANY, THE ALBANY  
AND SUSQUEHANNA RAIL ROAD COMPANY, RENES-  
LAER AND SARATOGA RAIL ROAD COMPANY, ET AL,  
APPELLANTS,**

**vs.**

**THE UNITED STATES OF AMERICA AND THE  
INTERSTATE COMMERCE COMMISSION**

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**APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR  
THE SOUTHERN DISTRICT OF NEW YORK**

---

**FILED NOVEMBER 1, 1925**

**(20,943)**

(29,943)

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1923

No. 633

THE DELAWARE AND HUDSON COMPANY, THE ALBANY  
AND SUSQUEHANNA RAIL ROAD COMPANY, RENSSE-  
LAER AND SARATOGA RAIL ROAD COMPANY, ET AL.,  
APPELLANTS,

*vs.*

THE UNITED STATES OF AMERICA AND THE  
INTERSTATE COMMERCE COMMISSION

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR  
THE SOUTHERN DISTRICT OF NEW YORK

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[fol. a]

[Title omitted]

[File endorsement omitted]

[fol. 1] DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK

In Equity

THE DELAWARE AND HUDSON COMPANY, THE RENSSELAER AND Saratoga Railroad Company, The Albany and Susquehanna Rail Road Company, Albany and Vermont Rail Road Company, Rutland and Whitehall Rail Road Company, Saratoga and Schenectady Rail Road Company, Northern Coal and Iron Company, The Ticonderoga Railroad Company, and The Chateaugay and Lake Placid Railway Company, Petitioners,

against

THE UNITED STATES OF AMERICA, Respondent

PETITION—Filed June 13, 1923

To the Honorable the Judges of the District Court of the United States for the Southern District of New York:

The Delaware and Hudson Company, a corporation of the State of New York; The Rensselaer and Saratoga Railroad Company, a corporation of the State of New York; The Albany and Susquehanna [fol. 2] Rail Road Company, a corporation of the State of New York; Albany and Vermont Rail Road Company, a corporation of the State of New York; Rutland and Whitehall Rail Road Company, a corporation of the State of Vermont; Saratoga and Schenectady Rail Road Company, a corporation of the State of New York; Northern Coal and Iron Company, a corporation of the State of Pennsylvania; The Ticonderoga Railroad Company, a corporation of the State of New York, and The Chateaugay and Lake Placid Railway Company, a corporation of the State of New York, bring this their petition against the United States of America and hereby sue to enjoin, set aside, annul and suspend an order of the Interstate Commerce Commission, a commission existing by virtue of the Act of Congress of February 4, 1887, entitled "An Act to Regulate Commerce" and the acts amendatory thereof and supplementary thereto, and thereupon your petitioners complain and say:

I. At all times hereinafter mentioned the petitioners were and they are now corporations under the laws of the States aforesaid and own or use railroad property, portions of which are located in each of the three States of Pennsylvania, New York and Vermont, which said property is used in the transportation of passengers and freight within and among the States of the United States, and petitioners are com-

mon carriers engaged in such transportation and as such subject to the provisions of the Interstate Commerce Act.

II. This suit arises under the Constitution and laws of the United [fol. 3] States in that in making said order the Commission acted without authority of law and beyond its powers and jurisdiction and arbitrarily, and in that this suit is brought to enjoin, suspend and set aside an order of said Commission and is instituted under the authorization of the Interstate Commerce Act and of the Act of October 22, 1913, entitled "An Act making appropriations to supply urgent deficiencies in appropriations for the fiscal year nineteen hundred and thirteen and for other purposes" as well as under the general equity jurisdiction of this Court.

III. The Delaware and Hudson Company is a corporation organized and existing under the laws of the State of New York, and has its principal office in the Borough of Manhattan in the City of New York and in the Southern District and State of New York, and the order which this suit is brought to enjoin, suspend and set aside does not relate either to transportation or to a matter complained of before the Commission.

IV. Section 19a of the Interstate Commerce Act, as amended, at all times hereinafter referred to, read, and now reads, in full as follows:

"Sec. 19a. [As amended February 28, 1920, and June 7, 1922.] (a) That the Commission shall, as hereinafter provided, investigate, ascertain, and report the value of all the property owned or used by every common carrier subject to the provisions of this Act. To enable the Commission to make such investigation and report, it is authorized to employ such experts and other assistants as may be [fol. 4] necessary. The Commission may appoint examiners who shall have power to administer oaths, examine witnesses, and take testimony. The Commission shall make an inventory which shall list the property of every common carrier subject to the provisions of this Act in detail, and show the value thereof as hereinafter provided, and shall classify the physical property, as nearly as practicable, in conformity with the classification of expenditures for road and equipment, as prescribed by the Interstate Commerce Commission.

(b) First. In such investigation said Commission shall ascertain and report in detail as to each piece of property, other than land, owned or used by said common carrier for its purposes as a common carrier, the original cost to date, the cost of reproduction new, the cost of reproduction less depreciation, and an analysis of the methods by which these several costs are obtained, and the reason for their differences, if any. The Commission shall in like manner ascertain and report separately other values, and elements of value, if any, of the property of such common carrier, and an analysis of the methods of valuation employed, and of the reasons for any differences between any such value and each of the foregoing cost values.

Second. Such investigation and report shall state in detail and separately from improvements the original cost of all lands, rights of way, and terminals owned or used for the purpose of a common carrier, and ascertained as of the time of dedication to public use, and the present value of the same.

Third. Such investigation and report shall show separately the property held for purposes other than those of a common carrier, [fol. 5] and the original cost and present value of the same, together with an analysis of the methods of valuation employed.

Fourth. In ascertaining the original cost to date of the property of such common carrier the Commission, in addition to such other elements as it may deem necessary, shall investigate and report upon the history and organization of the present and of any previous corporation operating such property; upon any increases or decreases of stocks, bonds, or other securities, in any reorganization; upon moneys received by any such corporation by reason of any issues of stocks, bonds, or other securities; upon the syndicating, banking, and other financial arrangements under which such issues were made and the expense thereof; and upon the net and gross earnings of such corporations; and shall also ascertain and report in such detail as may be determined by the Commission upon the expenditure of all moneys and the purposes for which the same were expended.

Fifth. The Commission shall ascertain and report the amount and value of any aid, gift, grant of right of way, or donation, made to any such common carrier, or to any previous corporation operating such property, by the Government of the United States or by any State, county or municipal government, or by individuals, associations, or corporations; and it shall also ascertain and report the grants of land to any such common carrier, or any previous corporation operating such property, by the Government of the United States, or by any State, county, or municipal government, and the amount of money derived from the sale of any portion of such grants and the value of the unsold portion thereof at the time acquired and [fol. 6] at the present time, also, the amount and value of any concession and allowance made by such common carrier to the Government of the United States, or to any State, county or municipal government in consideration of such aid, gift, grant, or donation.

(c) Except as herein otherwise provided, the Commission shall have power to prescribe the method of procedure to be followed in the conduct of the investigation, the form in which the results of the valuation shall be submitted, and the classification of the elements that constitute the ascertained value, and such investigation shall show the value of the property of every common carrier as a whole and separately the value of its property in each of the several States and Territories and the District of Columbia, classified and in detail as herein required.

(d) Such investigation shall be commenced within sixty days after approval of this Act and shall be prosecuted with diligence and

thoroughness, and the result thereof reported to Congress at the beginning of each regular session thereafter until completed.

(e) Every common carrier subject to the provisions of this Act shall furnish to the Commission or its agents from time to time and as the Commission may require maps, profiles, contracts, reports of engineers, and any other documents, records, and papers, or copies of any or all of the same, in aid of such investigation and determination of the value of the property of said common carrier, and shall grant to all agents of the Commission free access to its right of way, its property, and its accounts, records, and memoranda whenever and wherever requested by any such duly authorized agent, and every [fol. 7] common carrier is hereby directed and required to co-operate with and aid the Commission in the work of the valuation of its property in such further particulars and to such extent as the Commission may require and direct, and all rules and regulations made by the Commission for the purpose of administering the provisions of this section and section twenty of this Act shall have the full force and effect of law. Unless otherwise ordered by the Commission, with the reasons therefor, the records and data of the Commission shall be open to the inspection and examination of the public.

(f) Upon the completion of the valuation herein provided for the Commission shall thereafter in like manner keep itself informed of all extensions and improvements or other changes in the condition and value of the property of all common carriers, and shall ascertain the value thereof, and shall from time to time, revise and correct its valuations, showing such revision and correction classified and as a whole and separately in each of the several States and Territories and the District of Columbia, which valuation, both original and corrected, shall be tentative valuations and shall be reported to Congress at the beginning of each regular session.

(g) To enable the Commission to make such changes and corrections in its valuations of each class of property, every common carrier subject to the provisions of this Act shall make such reports and furnish such information as the Commission may require.

(h) Whenever the Commission shall have completed the tentative valuation of the property of any common carrier, as herein directed, and before such valuation shall be come final, the Commission [fol. 8] shall give notice by registered letter to the said carrier, the Attorney General of the United States, the governor of any State in which the property so valued is located, and to such additional parties as the Commission may prescribe, stating the valuation placed upon the several classes of property of said carrier, and shall allow thirty days in which to file a protest of the same with the Commission. If no protest is filed within thirty days, said valuation shall become final as of the date thereof.

(i) If notice of protest is filed the Commission shall fix a time for hearing the same, and shall proceed as promptly as may be to hear and consider any matter relative and material thereto which may be

presented in support of any such protest so filed as aforesaid. If after hearing any protest of such tentative valuation under the provisions of this Act the Commission shall be of the opinion that its valuation should not become final, it shall make such changes as may be necessary, and shall issue an order making such corrected tentative valuation final as of the date thereof. All final valuations by the Commission and the classification thereof shall be published and shall be prima facie evidence of the value of the property in all proceedings under the Act to regulate commerce as of the date of the fixing thereof, and in all judicial proceedings for the enforcement of the Act approved February fourth, eighteen hundred and eighty-seven, commonly known as "the Act to regulate commerce," and the various Acts amendatory thereof, and in all judicial proceedings brought to enjoin, set aside, annul, or suspend, in whole or in part, any order of the Interstate Commerce Commission.

[fol. 9] (j) If upon the trial of any action involving a final value fixed by the Commission, evidence shall be introduced regarding such value which is found by the court to be different from that offered upon the hearing before the Commission, or additional thereto and substantially affecting said value, the court, before proceeding to render judgment shall transmit a copy of such evidence to the Commission, and shall stay further proceedings in said action for such time as the court shall determine from the date of such transmission. Upon the receipt of such evidence the Commission shall consider the same and may fix a final value different from the one fixed in the first instance, and may alter, modify, amend or rescind any order which it has made involving said final value, and shall report its action thereon to said court within the time fixed by the court. If the Commission shall alter, modify, or amend its order, such altered, modified, or amended order shall take the place of the original order complained of and judgment shall be rendered thereon as though made by the Commission in the first instance. If the original order shall not be rescinded or changed by the Commission, judgment shall be rendered upon such original order.

(k) The provisions of this section shall apply to receivers of carriers and operating trustees. In case of failure or refusal on the part of any carrier, receiver, or trustee to comply with all the requirements of this section and in the manner prescribed by the Commission such carrier, receiver, or trustee shall forfeit to the United States the sum of five hundred dollars for each such offense and for each and every day of the continuance of such offense, such forfeitures to be recoverable in the same manner as other forfeitures provided for in section sixteen of the Act to regulate commerce.

(l) That the district courts of the United States shall have jurisdiction, upon the application of the Attorney General of the United States at the request of the Commission, alleging a failure to comply with or a violation of any of the provisions of this section by any common carrier, to issue a writ or writs of mandamus command-

ing such common carrier to comply with the provisions of this section."

V. On March 28, 1923, the Interstate Commerce Commission, and Division 1 of said Commission, in a proceeding entitled and known as "Valuation Docket Number 328," entered an order, a copy of which is attached hereto, marked "Exhibit A," and made a part hereof. Said order was thereafter served upon your petitioners (and petitioners had no knowledge of said order until said service), and, as petitioners are informed and believe, upon the Attorney General of the United States, the Governor of New York, the Governor of Pennsylvania, the Governor of Vermont, the Public Service Commission of New York, the Public Service Commission of Pennsylvania, the Public Service Commission of Vermont, the National Association of Railway and Utilities Commissions, and others. The first paragraph of said order is, in full, as follows:

"It is ordered, That the following be, and they are hereby declared to be, the tentative valuations of the properties of The Delaware [fol. 11] and Hudson Company, The Albany and Susquehanna Rail Road Company, Saratoga and Schenectady Rail Road Company, Albany and Vermont Rail Road Company, Rutland and Whitehall Railroad Company, Saratoga and Schenectady Railroad Company, Northern Coal and Iron Company, The Ticonderoga Railroad Company, The Chateaugay and Lake Placid Railway Company, and The Plattsburgh and Dannemora Railroad, as of June 30, 1916.

Said order purports to establish a tentative valuation and tentative valuations, in pursuance of said Section 19a, in respect of the properties owned or used by your petitioners on June 30, 1916.

VI. Said Commission had not on or prior to said March 28, 1923, and has not at any time, ascertained or reported, in detail or otherwise, as to each piece of property other than land, owned or used for common carrier purposes by petitioners, or any of them, the original cost to date of said piece of property, and said order does not report, or purport to report, any original cost to date, as aforesaid, and said Commission has always refused, and now refuses, to investigate, or to ascertain or report, such original cost to date, saving and excepting that to the extent that said Commission has considered that such original cost to date is exactly shown or established by the books and records of petitioners or by other books or records, said order does report the facts which said Commission has considered so to be shown or established, but to the extent that such original cost to date is so reported, the report and statements of fact are incomplete and [fol. 12] fragmentary and represent only a small portion or fraction of the property and properties owned or used for common carrier purposes by petitioners, and each of them.

VII. Said Commission had not, on or prior to said March 28, 1923, and has not at any time, investigated, ascertained or reported, in detail and separately from improvements or otherwise, the original



cost of all or of any lands, rights-of-way, and terminals, owned or used for common carrier purposes by petitioners, and ascertained as of the time of dedication to public use, and said order does not report, or purport to report, any such original cost; and said Commission has always refused, and now refuses, to investigate or to ascertain or report such original cost; saving and excepting that, to the extent that said Commission has considered that such original cost is exactly shown or established by the books and records of petitioners or by other books or records, said order does report the facts which said Commission has considered so to be shown or established; but, to the extent that such original cost is so reported, the report and statements of fact are incomplete and fragmentary and represent only a small portion or fraction of the lands, rights-of-way, and terminals owned or used for common carrier purposes by petitioners.

VIII. Said order does not include or report, or purport to report, and said Commission has not reported an analysis of the methods by which the several costs; namely, original cost to date, the cost of [fol. 13] reproduction new, and the cost of reproduction less depreciation; were obtained by said Commission in respect of any property of petitioners, to the extent that any such costs were obtained or otherwise, and said order does not contain or report, and said Commission has not reported, the reason or reasons for the differences between and among said costs or any of them, to the extent that any such costs were obtained or otherwise.

IX. Said order does not include or report, or purport to report, and said Commission has not ascertained or reported, in respect of any property of petitioners, separately or otherwise, any other values or any elements of value, except original cost to date, cost of reproduction new and cost of reproduction less depreciation, to the extent that such costs have been ascertained and reported, and said order does not contain or report, and said Commission has not reported, any reason or reasons for any difference or differences between any such value or other value or element of value and each or any of the said cost values, but said Commission has always refused and now refuses to investigate or to ascertain or report any other values and any elements of value, as aforesaid, in respect of any such property, or to make or report any such analysis of the methods of valuation employed or to state or report any such reasons for any such differences.

X. Said order does not include or report, or purport to report, and said Commission has not investigated or ascertained or reported, separately or otherwise, the original cost and present value, or either [fol. 14] original cost or present value, of the property or properties, or of any property, held by petitioners, or any of them, for purposes other than those of a common carrier, but said Commission has always refused, and now refuses, to investigate or report original cost and present value, or either of them, in respect of said property.

XI. Said order does not show or report, or purport to report, the value of the property or properties of petitioners, or any of petitioners, as a whole, classified and in detail or otherwise, and said Commission has always refused, and now refuses, to investigate or to ascertain or report the value as a whole of said property or properties.

XII. Said order does not show or report, or purport to report, separately, the value, as a whole, of the property or properties of petitioners, or any of petitioners, classified and in detail or otherwise, in any State, and said Commission has always refused, and now refuses, to investigate or ascertain or report the value, as a whole, of said property in any State.

XIII. On said June 30, 1916, petitioner, The Delaware and Hudson Company, used, and said petitioner still uses, for its purposes as a common carrier in interstate commerce, and as part of the main line of the system of railroads operated by said petitioner for such common carrier purposes, a certain double-track railroad, or portion of railroad, about 35.01 miles in length, together with lands, rights-of-[fol. 15] way, tracks, side tracks, stations, signaling apparatus, and all other appurtenances except equipment, commonly a part of any railroad, located between Carbondale and Jefferson Junction, both in the State of Pennsylvania, which said railroad, or portion of railroad, is owned by Erie Railroad Company and is used by said petitioner under a certain agreement, duly made and entered into on about January 1, 1898, under which said petitioner is entitled to use said railroad, or portion of railroad, throughout a period of one hundred years, beginning with said January 1, 1898, and does actually use said railroad or portion of railroad jointly with said Erie Railroad Company. Although said railroad or portion of railroad is essential to the common carrier operations of said petitioner, said order does not report, or purport to report, the value thereof, or the cost of reproduction new thereof, or the cost of reproduction less depreciation thereof, and does not classify the physical property thereof, in conformity with the classification of expenditures for road and equipment established by said Interstate Commerce Commission or otherwise, but said Commission has always refused, and does now refuse, to include said railroad, or portion of railroad, in any value or cost reported in said order, or to classify its property therein, as aforesaid, claiming and representing that said railroad, or portion of railroad, should be excluded from valuation in accordance with Section 19a as part of the railroad or property owned or used by said petitioner and that said railroad, or portion of railroad, has been or should be exclusively included and represented in the valuation of some other railroad, in which your petitioners have no interest.

[fol. 16] XIV. Your petitioner, The Delaware and Hudson Company, used, jointly with other carriers subject to the Interstate Commerce Act, on said June 30, 1916, for its purposes as a common carrier, various and sundry other railroad property, that is to say, railroads, or portions of railroads, and pieces of railroad property, including among other property, railroads, or portions of railroads, between

(1) Troy and Eagle Bridge, both in the State of New York; (2) Mechanicsville and Eagle Bridge, both in the State of New York; (3) Crescent and Coons, both in the State of New York; (4) Coons and the west end of Mechanicsville, both in the State of New York; (5) Hudson and Union Junction, both in the State of Pennsylvania; (6) Binghamton and Owego, both in the State of New York; (7) South Wilkes-Barre and Wilkes-Barre, both in the State of Pennsylvania; (8) Buttonwood and Hudson, both in the State of Pennsylvania, and certain railroad and terminal property located in the City of Troy, in the State of New York; all said railroads, or parts of railroads, herein specifically enumerated, having together an aggregate length of 117.21 miles (which said length in miles does not include other property referred to in this paragraph). Although all property referred to in this paragraph is essential to the common carrier operations of said petitioner, said order does not report, or purport to report, the value thereof, or the cost of reproduction new thereof, or the cost of reproduction less depreciation thereof, and does not classify said physical property as required by said Section 19a, but said Commission has always refused, and now refuses, to include said property, or any part thereof, in any value or cost reported in said or [fol. 17] der, or to classify said property therein, as aforesaid, claiming and representing that said property should be excluded from valuation as property used by said petitioner and exclusively included and represented in the valuation of some other railroad, or railroads, in which your petitioners have no interest.

XV. Although said order purports to establish or to report a tentative valuation or tentative valuations in respect of the property and properties, or some of the property or properties, owned or used by petitioners on June 30, 1916, and purports to establish or to report the cost of reproduction new of such property, and parts and pieces of such property and properties, the prices applied to the quantities or units of said property or properties or pieces of property are not the prices existing or current or in use on said June 30, 1916, and do not purport to be the prices of said date, but purport to be the prices of June 30, 1914, and of some period ending on or prior to said June 30, 1914, and said Commission has always refused, and now refuses, to apply to any of said property or properties or pieces of property owned or used on June 30, 1916, as aforesaid, by petitioners, the actual and existing and current prices of said June 30, 1916, although said actual and existing and current prices of said June 30, 1916, were materially higher than and different from the prices used by said Commission.

XVI. Said Commission has not investigated, or ascertained or reported, and said order does not report, or purport to report, the [fol. 18] amount, or value, original cost to date, or cost of reproduction less depreciation, of the working capital owned or used by petitioners, or any of them, for their purposes as common carriers, on June 30, 1916, or at any other time, and said Commission has made no inventory of the property or properties of petitioners, or any of them, which includes such working capital, or the materials and sup-

plies on hand on said June 30, 1916, or at any other time, but has always refused, and now refuses, to make any such inventory which shall include such working capital and materials and supplies, or to investigate, or to ascertain or report, any such amount or value or cost; but has arbitrarily undertaken to fix the amount and value of working capital which said petitioners ought to have had on hand on said June 30, 1916, by the use of a formula, and from deductions and conclusions drawn from facts which have no relation to working capital, or to the working capital of petitioners, or any of them. Said Commission has reported in said order, that the application of said formula has resulted in a "readjusted percentage for this carrier," which readjusted percentage "is 13.4 which applied to annual operating expenses of \$16,381,589, closely approximating the trend for a period of five years prior to valuation date, results in the sum of \$2,195,100, the amount necessary for the carrier's use as working capital," and upon said basis, said Commission has, in said order, reported \$2,195,100, as the whole amount of working capital used by petitioners for their common carrier purposes on said June 30, 1916, although in fact said petitioners had, on said date, and used for their common carrier purposes, a very much larger amount of working capital.

[fol. 19] XVII. Said Commission claims and represents that said order is and constitutes and contains a "tentative valuation" or tentative valuations, within the intendments of said Section 19a, of the property and properties owned or used by petitioners, and petitioners are informed and believe and therefore aver that said Commission has planned and prepared and intends to proceed upon said order as upon such a tentative valuation, or tentative valuations; and, unless said order is enjoined, suspended or set aside by the order of this Court, will proceed as aforesaid, and will, thereupon, enter an order declaring and fixing a final value in respect of said property and properties of the petitioners, and will apply and use the amount or value or final value so fixed as prima facie evidence of the value of the property and properties of petitioners, in proceedings under the Act to Regulate Commerce and the Interstate Commerce Act before said Commission, and in the fixing of rates by said Commission under said Act and under Section 15 and Section 15a thereof, and will offer and use said amount or value or final value as prima facie evidence, as aforesaid, in proceedings now pending and hereafter to be pending in the Federal courts; and petitioners will thereby suffer great injury and material damage and will incur great and irreparable loss and their property and properties will be taken without due process of law and for public use without just compensation.

XVIII. Petitioners are advised and believe and therefore aver that said order is not and does not constitute or contain or establish any [fol. 20] tentative valuation or tentative valuations, within the intendments of said Section 19a, and for the following reasons, among others, that is to say:

1. It was not preceded by the investigation prescribed by said Section 19a and is not based upon the results or record of any such investigation.

2. Said Commission refused to include large amounts of property owned or used by petitioners.

3. Said Commission refused to apply and use, or to attempt to apply or use, the actual and current prices prevailing on the date of the inventory or inventories on which it relied.

4. Said Commission refused to value the actual working capital of petitioners but instead of so doing reported a value arbitrarily resulting from the use of an arbitrary general formula.

5. It does not purport to contain a report of the original cost to date of the property used for common carrier purposes.

6. It does not purport to contain a report of the original cost of the lands, rights-of-way, and terminals used for common carrier purposes, ascertained as of the time of dedication to public use or otherwise.

7. It does not purport to contain a report of the original cost, or the present value, of the property held for purposes other than those of a common carrier.

8. It does not purport to contain a report of the value of the property or properties as a whole.

[fol. 21] 9. It does not purport to contain a report of the value of the property or properties as a whole in each, or any, of the separate States in which located.

10. It does not purport to contain a report of other values and elements of value that are not included in the several costs enumerated in said Section 19a.

11. It does not purport to include an analysis of the methods by which the several costs were ascertained or the reasons for their differences.

12. It does not purport to include an analysis of the methods of valuation employed or the reasons for the differences between other values and elements of value and the cost values or any of them.

13. It does not purport to contain an analysis of the methods of valuation employed in respect of property held for purposes other than those of a common carrier.

XIX. Petitioners are advised and believe and therefore aver that a lawful order fixing a "tentative valuation," within the intendments of said Section 19a, would have the practical and legal effect of setting in motion, under said Section 19a, and in accordance with said Interstate Commerce Act, a proceeding or process, at the beginning of which, as a means and reliance necessary and essential to the pro-

tection of the parties thereto, said parties require, and are entitled to have, a lawful tentative valuation; that the legal effect of a tentative valuation is that it becomes the foundation of such proceeding or [fol. 22] process and constitutes and establishes a prima facie case as against all parties affected, placing upon said parties the burden of showing or proving that any changes therein should be made or that any different values or conclusions or any different final value should be fixed and that in such proceeding or process said Commission is required to hear and consider, and will hear and consider, only matter relative and material which may be presented in support of some protest or protests to such tentative valuation; that without a lawful tentative valuation petitioners are not sufficiently advised concerning the character of the prima facie case which they would be required to meet to protect their rights by an adequate and proper and sufficiently full and detailed protest, and by the presentation of matter in support thereof; that if said proceeding or process takes place, or is begun, without the foundation of a lawful tentative valuation, no lawful tentative valuation can or will ever be made and petitioners will be without remedy at law or otherwise, and that if such proceeding or process is permitted to be based upon said order of March 28, 1923, petitioners will be unable to protect their great and valuable interests in said proceeding or process, and will suffer material and irremediable loss and injury.

XX. Said order of the Interstate Commerce Commission (Exhibit A) is null and void, and of no legal effect, for the reasons set forth in paragraphs VI, VII, VIII, IX, X, XI, XII, XIII, XIV, XV, XVI, XVII, XVIII and XIX, of this petition, and for other reasons, and is arbitrary and unlawful and contrary to the express provisions and [fol. 23] manifest intendments of said Section 19a, and in contravention of any, and of all, the authority conferred upon said Commission by said Section 19a and by said Interstate Commerce Act.

In consideration whereof and forasmuch as your petitioners are remediless in the premises at and by the strict rules of the common law and to the end that they may obtain the relief to which they are entitled, your petitioners now pray:

First. A permanent injunction decreeing that said order of the Interstate Commerce Commission be set aside, annulled, and suspended, and that its enforcement, operation and execution, and the entry of any order based thereon fixing any final value, and the entry of any order fixing final value before a lawful tentative valuation has been made, and the use of any final value based upon said order by said Commission in any proceeding before said Commission and by said Commission in any judicial proceeding, be forever enjoined.

Second. An interlocutory injunction suspending and restraining the enforcement, operation and execution of said order, in whole or in part and setting the same aside.

Third. Such other and further relief as to justice and equity may appertain.

Walter C. Noyes, H. T. Newcomb, Solicitors for Petitioners.

[fol. 24] Jurat showing the foregoing was duly sworn to by L. F. Loree; omitted in printing.

[fol. 25]

[File endorsement omitted]

EXHIBIT A TO PETITION—Filed June 13, 1923

Part 1 of 2 Parts

Interstate Commerce Commission

Washington, D. C.

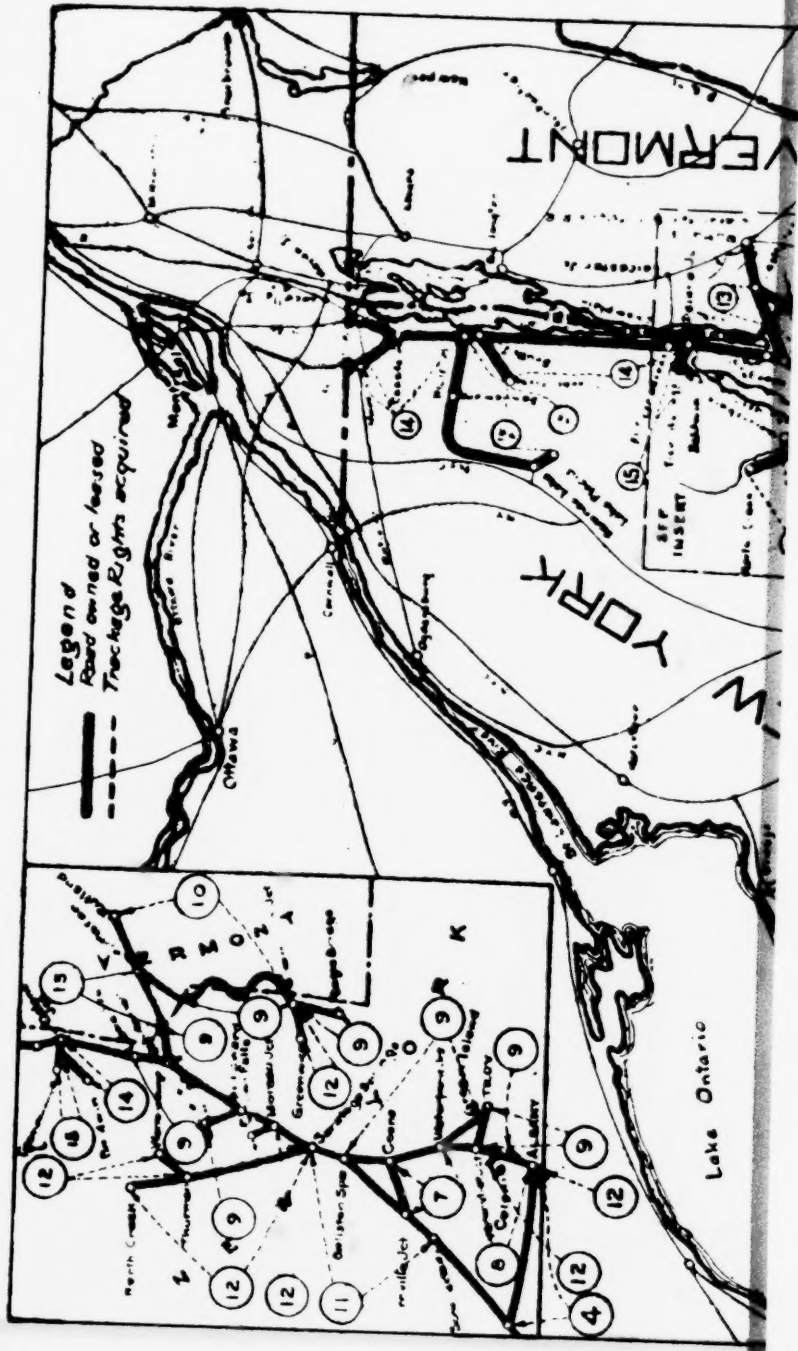
Valuation Docket No. 328

March 28, 1923.

The Honorable the Attorney General of the United States;  
 The Honorable the Governor of New York,  
   Albany, N. Y.;  
 The Honorable the Governor of Pennsylvania,  
   Harrisburg, Penn.;  
 The Honorable the Governor of Vermont,  
   Montpelier, Vt.;  
 New York Public Service Commission,  
   Albany, N. Y.;  
 Public Service Commission,  
   Harrisburg, Penn.;  
 Vermont Public Service Commission,  
   Brattleboro, Vt.;  
 National Association of Railway and Utilities Commissioners,  
   810 Eighteenth Street, N. W.,  
   Washington, D. C.,  
     Care John E. Benton, General Solicitor;  
 The Delaware and Hudson Company,  
   32 Nassau Street,  
   New York, N. Y.,  
     Care W. E. Eppler, Comptroller;  
 The Albany and Susquehanna Rail Road Company,  
   7 Wall Street,  
   New York, N. Y.,  
     Care C. F. Coaney, Asst. Treas.;  
 The Rensselaer and Saratoga Railroad Company,  
   17 First Street,  
   Troy, N. Y.,  
     Care S. S. Bullions, Treas.;



- Albany and Vermont Rail Road Company,  
17 First Street,  
Troy, N. Y.,  
Care S. S. Bullions, Treas. ;
- Rutland and Whitehall Rail Road Company,  
Fair Haven, Vt.,  
Care F. E. Allen, Clerk ;
- [fol. 26] Saratoga and Schenectady Rail Road Company,  
17 First Street,  
Troy, N. Y.,  
Care S. S. Bullions, Treasurer ;
- Northern Coal and Iron Company,  
32 Nassau Street,  
New York, N. Y.,  
Care W. E. Eppler, Comptroller ;
- The Ticonderoga Railroad Company,  
Rutland, Vt.,  
Care C. H. Harrison, Treasurer ;
- The Chateaugay and Lake Placid Railway Company,  
32 Nassau Street,  
New York, N. Y.,  
Care W. E. Eppler, Comptroller ;
- The Plattsburgh and Dannemora Railroad,  
32 Nassau Street,  
New York, N. Y.,  
Care W. E. Eppler, Comptroller ;
- The Delaware, Lackawanna & Western Railroad Company,  
90 West Street,  
New York, N. Y.,  
Care G. E. Hustis, Comptroller ;
- The New York Central Railroad Company,  
Grand Central Terminal,  
New York, N. Y.,  
Care W. C. Wishart, Comptroller ;
- Syracuse, Birmingham & New York Railroad Company,  
90 West Street,  
New York, N. Y.,  
Care G. E. Hustis, Comptroller ;
- Rutland Railroad Company,  
Grand Central Terminal,  
New York, N. Y.,  
Care W. C. Wishart, Comptroller ;
- Fitchburg Rail-Road Company,  
Care Boston and Maine Railroad,  
Wm. S. Trawbridge, Comptroller,  
North Station,  
Boston, Mass. ;
- The Coonerstown and Charlotte Valley Rail-Road Company,  
32 Nassau Street,  
Care W. E. Eppler, Comptroller ;



**Legend**  
Road owned or leased  
Trackage Rights acquired



VERMONT

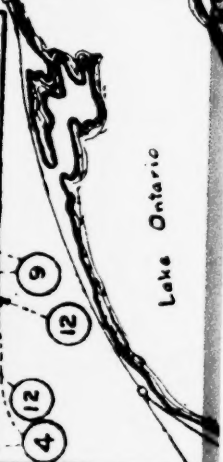
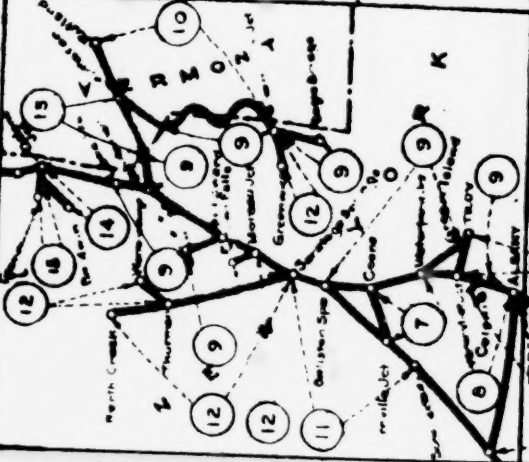
NEW YORK

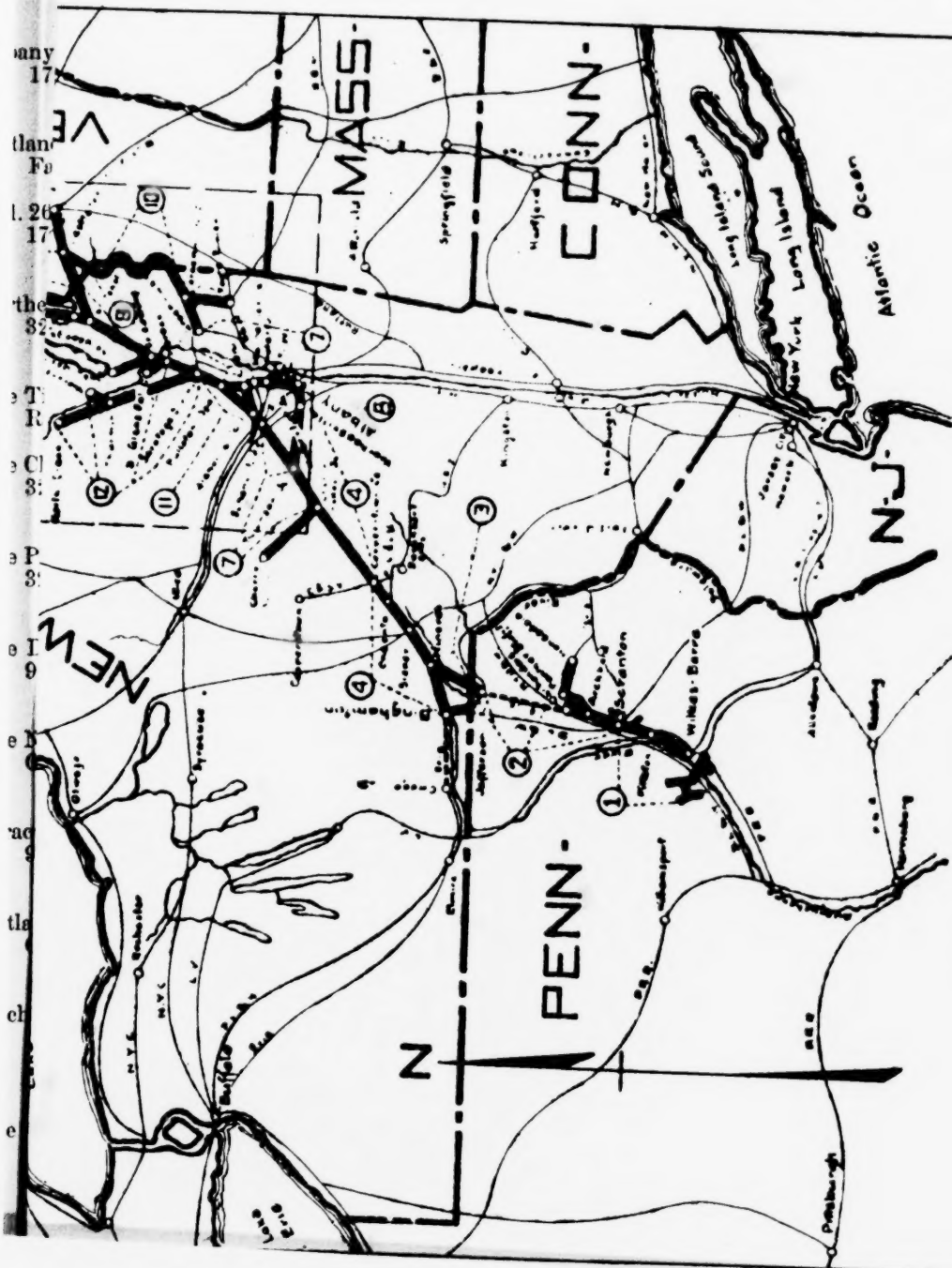
Lake Ontario

Montreal

Albany

SEP  
INSERT





INTERSTATE COMMERCE COMMISSION  
BUREAU OF VALUATION  
MAP TO ACCOMPANY REPORT UPON  
**THE DELAWARE & HUDSON COMPANY**  
AS OF JUNE 30, 1916

28

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[fol. 27] You are hereby notified that the Interstate Commerce Commission has completed the tentative valuations of the properties of The Delaware and Hudson Company; The Albany and Susquehanna Rail Road Company; The Rensselaer and Saratoga Railroad Company; Albany and Vermont Rail Road Company; Rutland and Whitehall Rail Road Company; Saratoga and Schenectady Rail Road Company; Northern Coal and Iron Company; The Ticonderoga Railroad Company; The Chateaugay and Lake Placid Railway Company; and The Plattsburgh and Dannemora Railroad, as of June 30, 1916, and that said valuations are set forth in the tentative valuation report which is included in the order adopting the same, a copy of which is attached to this notice and made a part hereof.

You are required to file with the Commission at its office in Washington on or before thirty (30) days from the 12th day of April, 1923, any protest which you may desire to make to such valuation or to any part of such valuation.

You will file in connection with such protest specification setting forth in detail each particular thing against which the protest is directed.

You are further required to transmit a copy of such protest to each of the other parties to whom this notice is addressed and to file with the Commission for its official use twenty-five (25) additional copies of the same.

By the Commission, Division 1.

George B. McGinty, Secretary.

(Here follows map, marked side folio page 28)

[fol. 29]

#### ORDER

AT A SESSION OF THE INTERSTATE COMMERCE COMMISSION, DIVISION 1, HELD AT ITS OFFICE, IN WASHINGTON, D. C., ON THE 28TH DAY OF MARCH, A. D. 1923.

#### Valuation Docket No. 328

THE DELAWARE AND HUDSON COMPANY, THE ALBANY AND SUSQUEHANNA Rail Road Company, The Rensselaer and Saratoga Rail Road Company, Albany and Vermont Rail Road Company, Rutland and Whitehall Rail Road Company, Saratoga and Schenectady Rail Road Company, Northern Coal and Iron Company, The Ticonderoga Railroad Company, The Chateaugay and Lake Placid Railway Company, The Plattsburgh and Dannemora Railroad.

It is ordered, That the following be, and they are hereby declared to be, the tentative valuations of the properties of The Delaware and Hudson Company, The Albany and Susquehanna Rail Road Company, The Rensselaer and Saratoga Railroad Company, Albany and

Vermont Rail Road Company, Rutland and Whitehall Rail Road Company, Saratoga and Schenectady Rail Road Company, Northern Coal and Iron Company, The Ticonderoga Railroad Company, The Chateaugay and Lake Placid Railway Company, and The Plattsburgh and Dannemora Railroad, as of June 30, 1916:

Abbreviated Names.—A schedule showing the abbreviated names for certain corporations herein mentioned will be found at the close of the report.

### The Delaware and Hudson Company

Location and General Description of Property.—The railroad of The Delaware and Hudson Company, hereinafter called the carrier, is a partly double track, standard gauge, steam railroad, the owned mileage of which is located in the states of Pennsylvania and New York, and the Dominion of Canada. Only that portion located in the United States is included in this report. The operated main line extends from its southern terminus at Buttonwood, near Wilkes-Barre, Penn., in a general northerly direction to Ninevah, N. Y., and from Owego, its most westerly terminus, to Albany, N. Y. From the last named point its main line passes northerly through the cities of Troy, Saratoga Springs, Whitehall, and Plattsburgh, reaching the international boundary line, in two branches from Canada Junction, at Mooers Junction and Rouses Point, N. Y. In addition, the carrier has many branch lines, the most important of which extend from Albany in a northerly direction, and from Whitehall in an easterly direction into Vermont, meeting at Castleton, Vt., and terminating at Rutland, the most easterly terminus. Two other branch lines extend from Saratoga Springs and Plattsburgh, the former northerly to North Creek, and the latter westerly and southerly to Lake Placid, N. Y.

The following is a summary of the mileage owned and used and used but not owned by the carrier for common-carrier purposes:

| Classification             | First<br>main track | Second and<br>other main<br>tracks | Yard<br>tracks<br>and sidings | All<br>tracks |
|----------------------------|---------------------|------------------------------------|-------------------------------|---------------|
| Wholly owned and used..... | 342.258             | 69.435                             | 219.873                       | 631.566       |
| Used but not owned:        |                     |                                    |                               |               |
| Leased from the:           |                     |                                    |                               |               |
| Albany .....               | 142.441             | 94.537                             | 159.484                       | 396.462       |
| Rensselaer .....           | 153.704             | 59.626                             | 103.591                       | 316.921       |
| Saratoga .....             | 20.806              | 11.394                             | 45.375                        | 77.575        |
| Rutland .....              | 6.833               | .....                              | 2.205                         | 9.038         |
| Vermont .....              | 12.273              | 12.217                             | 17.682                        | 42.172        |
| Northern .....             | 29.284              | 34.330                             | 60.476                        | 124.090       |
| Placid .....               | 63.485              | .....                              | 27.228                        | 90.713        |
| Dannemora .....            | 16.336              | .....                              | 7.969                         | 24.305        |
| Ticonderoga .....          | 0.587               | .....                              | 2.537                         | 3.124         |
| Total .....                | 445.749             | 212.104                            | 426.547                       | 1,084.400     |
| Grand total owned.....     | 342.258             | 69.435                             | 219.873                       | 631.566       |
| Grand total used.....      | 788.007             | 281.539                            | 646.420                       | 1,715.966     |

| [fol. 30]                  | Classification | First<br>main track | Second and<br>other main<br>tracks | Yard<br>tracks<br>and sidings | All<br>tracks |
|----------------------------|----------------|---------------------|------------------------------------|-------------------------------|---------------|
| By States:                 |                |                     |                                    |                               |               |
| In New York:               |                |                     |                                    |                               |               |
| Wholly owned and used..... |                | 288.350             | 25.562                             | 119.084                       | 432.996       |
| Used but not owned:        |                |                     |                                    |                               |               |
| Leased from the:           |                |                     |                                    |                               |               |
| Albany .....               |                | 142.441             | 94.537                             | 159.484                       | 396.462       |
| Vermont .....              |                | 12.273              | 12.217                             | 17.682                        | 42.172        |
| Rensselaer .....           |                | 120.630             | 59.626                             | 92.497                        | 272.753       |
| Saratoga .....             |                | 20.806              | 11.394                             | 45.375                        | 77.575        |
| Ticonderoga .....          |                | 0.587               | .....                              | 2.537                         | 3.124         |
| Placid .....               |                | 63.485              | .....                              | 27.228                        | 90.713        |
| Dannemora .....            |                | 16.336              | .....                              | 7.969                         | 24.305        |
| Total .....                |                | 376.558             | 177.774                            | 352.772                       | 907.104       |
| Grand total owned.....     |                | 288.350             | 25.562                             | 119.084                       | 432.996       |
| Grand total used.....      |                | 664.908             | 203.336                            | 471.856                       | 1,340.100     |
| In Pennsylvania:           |                |                     |                                    |                               |               |
| Wholly owned and used..... |                | 53.908              | 43.873                             | 100.789                       | 198.570       |
| Used but not owned:        |                |                     |                                    |                               |               |
| Leased from the:           |                |                     |                                    |                               |               |
| Northern .....             |                | 29.284              | 34.330                             | *60.476                       | *124.090      |
| Total owned.....           |                | 53.908              | 43.873                             | 100.789                       | 198.570       |
| Total used.....            |                | 83.192              | 78.203                             | 161.265                       | 322.660       |
| [fol. 31] In Vermont:      |                |                     |                                    |                               |               |
| Used but not owned:        |                |                     |                                    |                               |               |
| Leased from the:           |                |                     |                                    |                               |               |
| Rensselaer .....           |                | 33.074              | .....                              | 11.094                        | 44.168        |
| Ruthall .....              |                | 6.833               | .....                              | 2.205                         | 9.038         |
| Total used.....            |                | 39.907              | .....                              | 13.299                        | 53.206        |

In Appendix 1 will be found a general description of the property of the carrier.

Jointly Used Property.—A statement of the common-carrier property other than land, owned and used jointly by the carrier with other companies, is given elsewhere in this order, under the caption Cost of Reproduction New and Cost of Reproduction Less Depreciation.

Traffic Connections.—The traffic connections will be found in Appendix 1.

\*Includes 0.445 miles of yard tracks and sidings jointly owned with The Delaware, Lackawanna & Western Railroad Company.

**Physical Conditions Affecting Construction.**—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of the carrier's railroad.

**Economic Conditions Relating to Traffic.**—In Appendix 1 will be found statements showing the agricultural and industrial development of the territory traversed by the railroad of the carrier.

**Corporate History.**—The carrier was incorporated as The President, Managers and Company of the Delaware and Hudson Canal Company, under a special act of New York approved April 23, 1823, and was organized on the same date. This corporate title was changed to the present designation by a special act of New York approved April 28, 1899, which also authorized it to abandon the canal, but continued the previous corporation in all other respects. Under the original act the carrier was authorized to purchase from Maurice Wurts the rights and privileges previously granted him under a special act of Pennsylvania, approved March 13, 1823, which authorized him to improve the navigation of the Lackawaxen River, and to purchase from Wurts and others, lands containing stone coal, at or near the head waters of that river. This act also gave the carrier authority to employ its capital in the business of transporting to market the coal purchased. By subsequent amendment, approved April 5, 1826, the carrier was authorized by the state of Pennsylvania to construct, and maintain railways from its coal lands to the canal. The state of New York authorized the carrier, by an amendment to the original act approved May 9, 1867, to construct, own, maintain or lease railroads for its use. By an amendment to the original act, approved November 19, 1824, the state of New York authorized the carrier to employ \$500,000 of its capital actually paid in, in the business of banking, authorizing it to issue bills and notes, as hereinafter described.

The principal operating and accounting offices of the carrier are located at Albany, and its principal financial office at New York, N. Y.

[fol. 32] The corporations whose franchises and properties have gone to make up the present company, and the dates of the changes in those several corporations, are set forth in Appendix 2.

The detailed facts as to the development of fixed physical property are given in Appendix 2.

**History of Corporate Financing.**—The carrier has issued and assumed a total of \$150,602,296.28 in stocks, bonds and other long-term debt of which \$106,127,600 was outstanding on date of valuation. Of the securities outstanding, \$42,502,600 are in common stock and \$63,625,000 in first-mortgage and other bonds.

The carrier has also issued a total of \$155,829,247.33 in short-term notes, of which \$2,703,533.51 were outstanding on date of valuation.

The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the carrier, are given in Appendix 2.

**Gross and Net Earnings of the Carrier.**—The result of the corporate operations of the carrier from October 29, 1821, to date of



valuation, is stated in detail in Appendix 2, and is summarized as follows:

|   |                  |
|---|------------------|
| Gross earnings (railway operating revenues) . . . . | \$519,628,107.26 |
| Operating expenses (railway operating expenses)     | 344,672,779.13   |

|   |                |
|---|----------------|
| Resulting in net earnings (net revenues from railway operations) of . . . . . | 174,955,328.13 |
|---|----------------|

|  |                     |
|--|---------------------|
| During the same period taxes assessed (railway tax accruals) amounted to . . . . . | \$6,538,930.88      |
| Uncollectible railway revenues amounted to . . . . .                               | 2,680.57            |
|  | <u>6,541,611.45</u> |

|  |                |
|--|----------------|
| Resulting in an income from railway operations (railway operating income) of | 168,413,716.68 |
|--|----------------|

|  |                       |
|--|-----------------------|
| In addition to this there were net revenues from miscellaneous operations of . . . . . | 130,196,188.22        |
| Taxes on miscellaneous operating property of . . . . .                                 | 3,167,265.76          |
|  | <u>127,028,922.46</u> |

|  |                       |
|--|-----------------------|
| Also income from nonoperating sources (nonoperating income) of . . . . . | 41,639,676.55         |
|  | <u>168,668,599.01</u> |

|  |                |
|--|----------------|
| Resulting in gross income for the period (gross income) of . . . . . | 337,082,315.69 |
|--|----------------|

|   |               |
|---|---------------|
| During this period rents and hire of equipment (chargeable to deductions from gross income) amounted to . . . . . | 99,273,578.10 |
|---|---------------|

|  |                |
|--|----------------|
| [fol. 33] Resulting in an amount available for the payment of interest and dividends, and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income), of . . . . . | 237,808,737.59 |
|--|----------------|

During the years 1833, 1834, 1840 to 1876, inclusive, and 1881 to date of valuation, inclusive, cash dividends were paid at rates varying from  $3\frac{1}{2}$  to 20 per cent, to the aggregate amount of \$122,016,674. In addition, stock dividends were distributed during the years 1857, 1865 and 1866, at rates varying from 4 to  $16\frac{2}{3}$  per cent, to the aggregate amount of \$2,787,900, and during the years 1848, 1868 and 1890, stock was distributed to stockholders at rates of discount varying from  $5\frac{3}{5}$  to 40 per cent, equivalent to the issuing of stock

dividends for the amount of the discount, to the aggregate amount of \$3,817,410.

General Balance Sheet.—The general balance sheet stated by the carrier, as showing its financial condition on date of valuation, follows:

| Assets  |                 |                  |
|---|-----------------|------------------|
| Investments:  |                 |                  |
| Investment in road and equipment .....                  | \$68,642,567.68 |                  |
| Improvements on leased railway property .....           | 19,506.01       |                  |
| Sinking funds .....                                     | 3,304,771.41    |                  |
| Deposits in lieu of mortgaged property sold .....       | 15,908.24       |                  |
| Miscellaneous physical property .....                   | 10,280,864.44   |                  |
| Investments in stocks .....                             | 23,504,733.57   |                  |
| Investments in bonds .....                              | 920,900.00      |                  |
| Investment in advances .....                            | 19,374,444.50   |                  |
| Investments—miscellaneous .....                         | 5,701,634.27    |                  |
| Total .....   |                 | \$131,765,330.12 |
| Current assets:   |                 |                  |
| Cash .....  | 1,332,542.44    |                  |
| Time drafts and deposits .....                          | 941,291.75      |                  |
| Special deposits .....                                  | 836,833.88      |                  |
| Loans and bills receivable .....                        | 6,828.88        |                  |
| Traffic and car-service balances receivable .....       | 601,015.15      |                  |
| Net balance receivable from agents and conductors ..... | 273,021.99      |                  |
| Miscellaneous accounts receivable .....                 | 3,515,931.71    |                  |
| Materials and supplies .....                            | 2,323,040.89    |                  |
| Interest and dividends receivable .....                 | 184,055.73      |                  |
| Rents receivable .....                                  | 51,977.56       |                  |
| Total .....   |                 | 10,066,539.98    |
| [ fol. 34 ] Deferred assets:                            |                 |                  |
| Working fund advances .....                             | 436,577.99      |                  |
| Insurance and other funds .....                         | 552,788.53      |                  |
| Other deferred assets .....                             | 626,317.10      |                  |
| Total .....   |                 | 1,615,683.62     |

## Unadjusted debits:

|   |            |
|---|------------|
| Rents and insurance premiums<br>paid in advance ..... | 62,567.30  |
| Discount on funded debt .....                         | 16,108.70  |
| Other unadjusted debits .....                         | 207,610.09 |

|                   |                |
|-------------------|----------------|
| Total .....       | 286,286.09     |
| Grand total ..... | 143,733,839.81 |

## Stock:

## Capital stock:

|                              |                 |
|------------------------------|-----------------|
| Book liability .....         | \$42,503,000    |
| Held by or for carrier ..... | 400             |
| Total .....                  | \$42,502,600.00 |

## Long-term debt:

|                             |               |
|-----------------------------|---------------|
| Funded debt unmatured ..... | 62,798,000.00 |
|-----------------------------|---------------|

## Current liabilities:

|   |              |
|---|--------------|
| Loans and bills payable .....                     | 2,703,533.51 |
| Traffic and car-service balances<br>payable ..... | 641,652.82   |
| Audited accounts and wages pay-<br>able .....     | 3,503,675.66 |
| Miscellaneous accounts payable ..                 | 354,681.61   |
| Interest matured unpaid .....                     | 269,278.50   |
| Dividends matured unpaid .....                    | 130,917.00   |
| Funded debt matured unpaid ..                     | 827,000.00   |
| Unmatured dividends declared ..                   | 1,912,617.00 |
| Unmatured interest accrued ...                    | 555,490.63   |
| Unmatured rents accrued .....                     | 181,540.51   |
| Other current liabilities .....                   | 598,014.31   |

|             |               |
|-------------|---------------|
| Total ..... | 11,680,401.55 |
|-------------|---------------|

## Deferred liabilities:

|                                  |            |
|----------------------------------|------------|
| Liability for provident funds .. | 1,143.15   |
| Other deferred liabilities ..... | 354,504.67 |

|             |            |
|-------------|------------|
| Total ..... | 355,647.82 |
|-------------|------------|

## Unadjusted credits:

|   |            |
|---|------------|
| Tax liability .....                           | 283,935.73 |
| Operating reserves .....                      | 218,604.82 |
| Accrued depreciation—e q u i p-<br>ment ..... | 51,072.83  |
| Other unadjusted credits .....                | 355,622.31 |

|             |            |
|-------------|------------|
| Total ..... | 909,235.69 |
|-------------|------------|

[fol. 35] Appropriated surplus:

|  |              |                |
|--|--------------|----------------|
| Additions to property through income and surplus ..... | 6,839,487.37 |                |
| Sinking fund reserves .....                            | 3,461.96     |                |
| Appropriated surplus not specifically invested .....   | 155,395.77   |                |
| Total .....  |              | 6,998,345.10   |
| Corporate surplus:                                     |              |                |
| Profit and loss credit balance .....                   |              | 18,489,609.65  |
| Grand total .....                                      |              | 143,733,839.81 |

#### Contingent Liabilities

The carrier has guaranteed both principal and interest on \$12,675,000, and the interest only on \$2,230,000, of outstanding securities of subsidiary and affiliated companies. It has also guaranteed dividends on \$14,730,000 of stocks of subsidiary companies. For a detailed statement of the various securities embraced, reference is made to the accounting report hereinbefore mentioned.

Investment in Road and Equipment.—The investment in road and equipment, including land, on date of valuation, is stated in the books of the carrier to be \$68,642,567.68. If certain readjustments were made, as detailed in Appendix 2, this amount would be decreased to \$67,596,908.68. Of this amount \$11,408,500 consists of the par value of securities, the money value of which at the time of entry upon the books of the carrier is not known and can not be ascertained.

Original Cost to Date.—The original cost to date of the common-carrier property of the carrier cannot be ascertained owing to the inadequacy of the records.

The obtainable data on the original cost of 191.258 miles of road owned on date of valuation, and of 20,279 units of equipment, as nearly as can be ascertained, are represented by the following classes of outlay:

|   |                 |
|---|-----------------|
| Road:   |                 |
| Recorded money outlay .....   | \$34,272,986.01 |
| Investment securities .....   | 318,000.00      |
| Less whatever part of the foregoing classes of outlay is represented in road abandoned and written off to profit and loss at an estimated cost of ..... | 270,000.00      |
| Equipment:  |                 |
| Recorded money outlay .....   | 25,540,964.00   |
| Verified cost of 20,279 units of equipment out of 20,295 units returned by the carrier .....  | .....           |

Further information respecting original cost, including the cost of lands, machinery and equipment, will be found in Appendix 2.

[fol. 36] Cost of Reproduction New and Cost of Reproduction Less Depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned and used, owned but not used, and used but not owned, including carrier's or lessor's portion of minor facilities jointly owned, are as follows:

| Classification                               | Cost of reproduction |                   |
|--|----------------------|-------------------|
|  | New                  | Less depreciation |
| Wholly owned and used .....                  | \$58,432,710         | \$43,249,387      |
| Owned but not used:                          |                      |                   |
| Leased to:                                   |                      |                   |
| Champlain Transportation Company             | 10,847               | 6,260             |
| Carolina, Clinchfield and Ohio Railway ..... | 25,548               | 21,871            |
| Total .....                                  | 36,395               | 28,131            |
| Used but not owned:                          |                      |                   |
| Leased from the:                             |                      |                   |
| Albany .....                                 | 14,833,236           | 11,846,539        |
| Rensselaer .....                             | 10,635,179           | 8,365,362         |
| Saratoga .....                               | 2,519,073            | 1,979,127         |
| Ruthall .....                                | 287,344              | 226,771           |
| Vermont .....                                | 1,520,712            | 1,221,556         |
| Northern .....                               | 4,005,910            | 3,162,558         |
| Placid .....                                 | 2,786,284            | 2,379,529         |
| Dannemora .....                              | 570,274              | 478,158           |
| Ticonderoga .....                            | 90,078               | 73,090            |
| Total .....                                  | 37,248,090           | 29,732,690        |
| Grand total owned .....                      | 58,469,105           | 43,277,518        |
| Grand total used .....                       | 95,680,800           | 72,982,077        |

#### Distributed by Estates

##### New York

|  |            |            |
|--|------------|------------|
| Wholly owned and used .....  | 22,703,021 | 19,346,708 |
| Wholly owned but not used; leased to Champlain Transportation Company .. | 10,847     | 6,260      |

| Classification                 | Cost of reproduction |                   |
|--------------------------------|----------------------|-------------------|
|                                | New                  | Less depreciation |
| Used but not owned:            |                      |                   |
| Leased from the:               |                      |                   |
| Albany .....                   | 14,833,236           | 11,846,539        |
| Rensselaer .....               | 9,398,854            | 7,387,025         |
| Saratoga .....                 | 2,519,073            | 1,979,127         |
| Vermont .....                  | 1,520,712            | 1,221,556         |
| Placid .....                   | 2,786,284            | 2,379,529         |
| Dannemora .....                | 570,274              | 478,158           |
| Ticonderoga .....              | 90,078               | 73,090            |
| [fol. 37] Total .....          | 31,718,511           | 25,365,024        |
| Grand total owned .....        | 22,713,868           | 19,352,968        |
| Grand total used .....         | 54,421,532           | 44,711,732        |
| Pennsylvania                   |                      |                   |
| Wholly owned and used .....    | 7,231,893            | 5,663,494         |
| Used but not owned:            |                      |                   |
| Leased from the Northern ..... | 4,005,910            | 3,162,558         |
| Grand total owned .....        | 7,231,893            | 5,663,494         |
| Grand total used .....         | 11,237,803           | 8,826,052         |
| Vermont                        |                      |                   |
| Wholly owned and used .....    | 4,792                | 2,388             |
| Used but not owned:            |                      |                   |
| Leased from the:               |                      |                   |
| Rensselaer .....               | 1,236,325            | 978,337           |
| Ruthall .....                  | 287,344              | 226,771           |
| Total .....                    | 1,523,669            | 1,205,108         |
| Grand total owned .....        | 4,792                | 2,388             |
| Grand total used .....         | 1,528,461            | 1,207,496         |
| Not Allocated to States        |                      |                   |
| Wholly owned and used .....    | 28,493,004           | 18,236,797        |

| Classification   | Cost of reproduction |                   |
|--|----------------------|-------------------|
|  | New                  | Less depreciation |
| Owned but not used:                                    |                      |                   |
| Leased to Carolina, Clinchfield and Ohio Railway ..... | 25,548               | 21,871            |
| Grand total owned .....                                | 28,518,552           | 18,258,668        |
| Grand total used .....                                 | 28,493,004           | 18,236,797        |

These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets which are a part of Appendix 1.

Cost of Lands, Rights of Way, and Terminals at the Time of Their Dedication to Public Use and Present Value of the Same.—The carrier owns and uses for its purposes as a common carrier 6,243.54 acres of lands. The total original cost of these lands can not be ascertained, as the necessary accounting records are not obtainable. Data respecting original cost will be found in Appendix 2.

[fol. 38] The area and present value of lands owned and used, owned but not used, and used but not owned by the carrier for common-carrier purposes, are as follows:

| Classification             | Acres    | Present value  |
|----------------------------|----------|----------------|
| Wholly owned and used..... | 6,243.54 | \$5,874,635.39 |

Wholly owned but not used:

Leased to the:

|   |       |          |
|---|-------|----------|
| Cooperstown .....                                   | 8.06  | 147.00   |
| New York, Ontario and Western Railway Company ..... | 11.42 | 8,565.00 |
| Total .....   | 19.48 | 8,712.00 |

Used but not owned:

Leased from the:

|  |        |              |
|--|--------|--------------|
| Northern .....   | 328.26 | 3,648,808.32 |
| Delaware, Lackawanna & Western Railroad Company .....  | 0.44   | 15,506.10    |
| New York Central Railroad Company .....                | 6.05   | 26,928.32    |
| Syracuse, Binghamton & New York Railroad Company ..... | 0.08   | 2.00         |
| Rutland Railroad Company .....                         | 2.33   | 2,577.00     |



| Classification                | Acres     | Present value |
|-------------------------------|-----------|---------------|
| Used but not owned:           |           |               |
| Leased from the:              |           |               |
| Fitchburg Rail-Road Company.. | 13.06     | 457.10        |
| Albany .....                  | 2,285.09  | 1,260,783.31  |
| Vermont.....                  | 118.00    | 339,188.82    |
| Saratoga .....                | 172.53    | 247,132.52    |
| Rensselaer .....              | 1,755.87  | 1,252,651.05  |
| Ticonderoga .....             | 11.53     | 6,861.80      |
| Placid .....                  | 945.41    | 101,948.01    |
| Dannemora .....               | 157.74    | 4,141.05      |
| Ruthall.....                  | 61.93     | 6,345.95      |
| Private parties .....         | 31.41     | 22,408.58     |
| Total.....                    | 5,889.73  | 6,935,739.93  |
| Grand total owned.....        | 6,263.02  | 5,883,347.39  |
| Grand total used.....         | 12,133.27 | 12,810,375.32 |

## Distributed by States

## Pennsylvania

|                            |        |              |
|----------------------------|--------|--------------|
| Wholly owned and used..... | 998.09 | 3,269,389.90 |
|----------------------------|--------|--------------|

## Used but not owned:

## Leased from the:

|  |          |              |
|--|----------|--------------|
| Northern .....   | 328.26   | 3,648,808.32 |
| Delaware, Lackawanna & West-<br>ern Railroad Company ..... | 0.44     | 15,506.10    |
| Private parties .....                                      | 1.30     | 1,520.83     |
| Total.....   | 330.00   | 3,665,835.25 |
| Grand total owned.....                                     | 998.09   | 3,269,389.90 |
| Grand total used.....                                      | 1,328.09 | 6,935,225.15 |

## [fol. 39] New York

|                            |          |              |
|----------------------------|----------|--------------|
| Wholly owned and used..... | 5,215.10 | 2,603,087.84 |
|----------------------------|----------|--------------|

## Wholly owned but not used:

## Leased to the:

|  |       |       |
|--|-------|-------|
| Cooperstown .....                                      | 8.06  | 147   |
| New York, Ontario and Western<br>Railway Company ..... | 11.42 | 8,565 |
| Total.....   | 19.48 | 8,712 |

| Classification  | Acres     | Present value |
|---|-----------|---------------|
| Used but not owned:                                   |           |               |
| Leased from the:                                      |           |               |
| New York Central Railroad Company.....                | 6.05      | 26,928.32     |
| Syracuse, Binghamton & New York Railroad Company..... | 0.08      | 2.00          |
| Fitchburg Rail-Road Company..                         | 13.06     | 457.10        |
| Albany .....  | 2,285.09  | 1,260,783.31  |
| Vermont.....  | 118.00    | 339,188.82    |
| Saratoga .....  | 172.53    | 247,132.52    |
| Rensselaer .....                                      | 1,463.01  | 1,218,330.52  |
| Ticonderoga .....                                     | 11.53     | 6,861.80      |
| Placid .....  | 945.41    | 101,948.01    |
| Dannemora .....                                       | 157.74    | 4,141.05      |
| Private parties .....                                 | 28.11     | 20,807.75     |
| Total.....  | 5,200.61  | 3,226,581.20  |
| Grand total owned.....                                | 5,234.58  | 2,611,799.84  |
| Grand total used.....                                 | 10,415.71 | 5,829,669.04  |

## Vermont

|                            |       |          |
|----------------------------|-------|----------|
| Wholly owned and used..... | 30.35 | 2,157.65 |
|----------------------------|-------|----------|

Used but not owned:

Leased from the:

|                               |        |           |
|-------------------------------|--------|-----------|
| Rensselaer .....              | 292.86 | 34,320.53 |
| Ruthall .....                 | 61.93  | 6,345.95  |
| Rutland Railroad Company .... | 2.33   | 2,577.00  |
| Private parties .....         | 2.00   | 80.00     |
| Total.....                    | 359.12 | 43,323.48 |
| Grand total owned.....        | 30.35  | 2,157.65  |
| Grand total used.....         | 389.47 | 45,481.13 |

Rights in the Public Domain and in Private Lands.—The present value of rights in the public domain and in private lands, owned and used and used but not owned by the carrier, is as follows:

| [fol. 40]                  | Classification | Rights in public domain | Rights in private lands |
|----------------------------|----------------|-------------------------|-------------------------|
| Wholly owned and used..... |                | \$14,185.83             | \$2,908                 |

| Classification          | Rights in<br>public domain | Rights in<br>private lands |
|-------------------------|----------------------------|----------------------------|
| Used but not owned:     |                            |                            |
| Leased from the:        |                            |                            |
| Rensselaer .....        | 8,023.50                   | 845                        |
| Northern .....          | .....                      | 20                         |
| Albany .....            | .....                      | 980                        |
| Saratoga .....          | .....                      | 150                        |
| Total .....             | 8,023.50                   | 1,995                      |
| Grand total owned ..... | 14,185.83                  | 2,908                      |
| Grand total used .....  | 22,209.33                  | 4,903                      |

## Distributed by States

## Pennsylvania

|                                |        |       |
|--------------------------------|--------|-------|
| Wholly owned and used .....    | 337.03 | 1,010 |
| Used but not owned:            |        |       |
| Leased from the Northern ..... |        |       |
| Grand total owned .....        | 337.03 | 1,010 |
| Grand total used .....         | 337.03 | 1,030 |

## New York

|                             |           |       |
|-----------------------------|-----------|-------|
| Wholly owned and used ..... | 13,848.80 | 1,898 |
| Used but not owned:         |           |       |
| Leased from the:            |           |       |
| Albany .....                | .....     | 980   |
| Rensselaer .....            | 8,023.50  | 680   |
| Saratoga .....              | .....     | 150   |
| Total .....                 | 8,023.50  | 1,810 |
| Grand total owned .....     | 13,848.80 | 1,898 |
| Grand total used .....      | 21,872.30 | 3,708 |

## Vermont

|                                  |       |     |
|----------------------------------|-------|-----|
| Used but not owned:              |       |     |
| Leased from the Rensselaer ..... | ..... | 165 |

Information respecting the original cost of rights owned by the carrier will be found in Appendix 2.

[fol. 41] Property Held for Purposes Other Than Those of a Common Carrier.—The carrier owns 1,032.93 acres of lands classified as noncarrier. The total original cost of these lands cannot be ascertained. Data respecting original cost will be found in Appendix 2. Their present value, including the value of improvements thereon, is as follows:

Distributed by States

| Classification     | Acres    | Present value |
|--------------------|----------|---------------|
| Pennsylvania ..... | 46.20    | \$203,379.41  |
| New York .....     | 963.24   | 1,651,626.94  |
| Michigan .....     | 0.76     | 661.50        |
| Illinois .....     | 0.43     | 4,748.40      |
| New Jersey .....   | 22.30    | 1,320,942.16  |
| Total .....        | 1,032.93 | 3,181,358.41  |

On lands used for carrier purposes are noncarrier structures, the present value of which is as follows:

Distributed by States

|                    |          |
|--------------------|----------|
| Pennsylvania ..... | \$11,060 |
| New York .....     | 21,619   |
| Total .....        | 32,679   |

The carrier owns and holds cash on hand and materials and supplies in the amount of \$3,655,583. This amount is in excess of normal requirements for working capital as determined in the manner outlined in Appendix 3. Under the method there explained the re-adjusted percentage for this carrier is 13.4 which applied to annual operating expenses of \$16,381,569, closely approximating the trend for a period of five years prior to valuation date, results in the sum of \$2,195,100, the amount necessary for the carrier's use as working capital. The remainder, \$1,460,483, which is in excess of the amount required for working capital, is considered for the purposes of valuation as noncarrier property.

The carrier had recorded investments in other companies of a par value of \$53,577,137.56, which it carried at a book value of \$49,501,712.34. The details of the securities held will be found in Appendix 2.

There is shown in Appendix 2, under the heading "Miscellaneous Physical Property" the sum of \$10,280,864.44 as representing a balance shown by the carrier's books, consisting of coal lands and other items named. No part of this property is included in the property above reported as held for purposes other than those of a common carrier and investments in other companies.

Aids, Gifts, Grants of Rights of Way, and Donations.—The carrier owns certain carrier and noncarrier lands which it acquired through aids. The area and present value of these lands are as follows:

Distributed by States

Owned and used:

| Classification     | Acres         | Present value     |
|--------------------|---------------|-------------------|
| Pennsylvania ..... | 38.89         | \$124,250.01      |
| New York .....     | 139.73        | 60,623.95         |
| Vermont .....      | 24.85         | 711.85            |
| Total .....        | <u>203.47</u> | <u>185,585.81</u> |

[fol. 42] Owned but held for noncarrier purposes:

|                  |             |                 |
|------------------|-------------|-----------------|
| New York .....   | 8.23        | 784.63          |
| New Jersey ..... | 0.07        | 4,352.00        |
| Total .....      | <u>8.30</u> | <u>5,136.66</u> |

The foregoing totals are included in the preceding summaries of the present value of lands owned by the carrier. The value of these lands at the time acquired cannot be determined.

In addition to the foregoing, the carrier received public and private aids which are summarized as follows:

State aid:

By special acts passed by the legislature of New York, on March 10, 1827, and May 2, 1829, respectively, the comptroller of that state was authorized to issue to the carrier special certificates of stock to the amount of \$500,000 and \$300,000, "for the redemption of which, and the due payment of interest thereon to the owners of such stock, the faith and credit of the people of this state is hereby pledged." These issues were retired by the carrier at maturity, but the issue of this stock by the state of New York served to aid the company by the loan of the state's credit for the period of the debt.

By the terms of the act of March 10, 1827, the carrier was exempted from taxation "until the average annual income of the said corporation, from the time of its commencing business, shall amount to six per centum per annum, on its whole capital," with the provision, however "that this exemption shall not extend beyond the period of six years from the passing of this act."

## Cash subsidies:

|  |         |
|--|---------|
| Contribution of Center Village, N. Y., towards the cost of the new station at that point in 1871-72 .....  | \$1,450 |
| Contribution of the International Paper Company, under an agreement with the carrier dated April 10, 1901, towards the cost of track extended to the end of the paper mills of that company at South Glens Falls, N. Y. .... | 39,757  |
| Contribution of W. H. Miner towards the cost of a new station at Chazy, N. Y. ....   | 2,500   |

Materials and Supplies.—As appears in the general balance sheet, the value of materials and supplies on hand on date of valuation is shown by the carrier's records to have been \$2,323,040.89.

Final Value.—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, working capital and all other matters which appear to have a bearing upon the values here reported, the values, as that term is used in the Interstate Commerce Act, of the property of the carrier, owned and used, owned but not used, and used but not owned, devoted to common-carrier purposes, are found to be as follows:

[fol. 43] Wholly owned and used. .... \$57,195,100

## Owned but not used:

## Leased to the:

|   |               |
|---|---------------|
| Champlain Transportation Company .....              | 6,600         |
| Carolina, Clinchfield and Ohio Railway .....        | 22,000        |
| Cooperstown .....                                   | 147           |
| New York, Ontario and Western Railway Company ..... | -8,565        |
| Total .....   | <u>37,312</u> |

## Used but not owned:

## Leased from the:

|   |            |
|---|------------|
| The Delaware, Lackawanna & Western Railroad Company ..... | 15,506     |
| The New York Central Railroad Company .....               | 26,928     |
| Syracuse, Binghamton & New York Railroad Company .....    | 2          |
| Fitchburg Railroad Company .....                          | 457        |
| Rutland Railroad Company .....                            | 2,577      |
| Albany .....  | 14,000,000 |
| Rensselaer .....  | 10,300,000 |
| Saratoga .....  | 2,300,000  |
| Ruthall .....   | 240,000    |
| Vermont .....   | 1,600,000  |
| Northern .....  | 7,000,000  |
| Placid .....  | 2,550,000  |

Used but not owned:

Leased from the:

|                       |            |
|-----------------------|------------|
| Dannemora .....       | 500,000    |
| Ticonderoga .....     | 82,000     |
| Private parties ..... | 22,409     |
| Total .....           | 38,639,879 |
| Total owned .....     | 57,232,412 |
| Total used .....      | 95,834,979 |

No other values or elements of value to which specific sums can now be ascribed are found.

The sum of \$2,195,100 is included in the value above stated as wholly owned and used on account of working capital, including material and supplies.

### The Albany and Susquehanna Rail Road Company

(The Albany)

Location and General Description of Property.—The railroad of The Albany and Susquehanna Rail Road Company, hereinafter called the Albany, is a partly double track, standard gauge, steam railroad located in the east-central part of New York. The owned mileage extends southwestwardly from Albany to Binghamton, a distance of 142.441 miles. The Albany owns second-main line tracks aggregating 94.537 miles. It also owns yard and side tracks totaling 159.484 miles. Its road thus embraces 396.462 miles of all tracks owned. In Appendix 1 will be found a general description of the property of the Albany.

[fol. 44] Jointly Used Property.—The Albany has no jointly owned and used property.

Traffic Connections.—The traffic connections will be found in Appendix 1.

Physical Conditions Affecting Construction.—In Appendix 1 are statements as to the topography, geology and climate, as affecting the construction of the carrier's railroad, which are applicable to the Albany.

Economic Conditions Relating to Traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate History.—The Albany was incorporated April 19, 1851, under the general laws of New York, for the purpose of constructing, maintaining and operating a railroad from Albany to Binghamton. At the last named point it was to connect with the New York and Erie Railroad, and due to this connection it was originally constructed of a broader gauge than that of the present standard gauge railroads. The articles of association filed April 19, 1851, provided that the corporation should continue for 150 years. The time of completion

of the road was extended by special acts of New York dated March 23, 1853, April 13, 1855, April 14, 1857, March 4, 1863, and April 24, 1867. Its organization was perfected by a meeting of the stockholders and election of officers on April 19, 1851. The entire property of the Albany is leased to the carrier and has been operated by the latter since February 24, 1870. Its principal offices are located at Albany and New York City.

The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of Corporate Financing, Capital Stock, and Long-term Debt.—The Albany has issued a total of \$37,295,000 in stocks, bonds and other long-term debts. Of this amount \$13,500,000 was outstanding on date of valuation. Of the securities outstanding, \$3,500,000 are in common stock and \$10,000,000 in first-mortgage bonds.

The Albany has also issued and retired short-term notes amounting to \$3,055,036.27 to date of valuation.

The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Albany, are given in Appendix 2.

Gross and Net Earnings of the Albany.—The result of corporate operations of the Albany from September 18, 1863, to date of valuation, is stated in detail in Appendix 2, and is summarized as follows:

|   |                |
|---|----------------|
| Gross earnings (railway operating revenues) . . . . .     | \$2,669,384.04 |
| Operating expenses (railway operating expenses) . . . . . | 1,721,708.51   |

|   |            |
|---|------------|
| Resulting in net earnings (net revenue from railway operations) of . . . . .        | 947,675.53 |
| During the same period taxes assessed, (railway tax accruals) amounted to . . . . . | 37,066.38  |

|   |               |
|---|---------------|
| [fol. 45] Resulting in an income from railway operations (railway operating income) of . . . . .  | 910,609.15    |
| In addition to this there was income from nonoperating sources (nonoperating income) of . . . . . | 37,203,676.08 |

|  |               |
|--|---------------|
| Resulting in gross income for the period (gross income) of . . . . . | 38,114,285.23 |
|--|---------------|

Resulting in that amount being available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income).

The Albany paid no dividends on its capital stock until its property was leased to the carrier on February 24, 1870. Under the agreement with that company the lessee agreed to pay 7 per cent per annum on the capital stock until the Albany city bonds were retired, and thereafter at the rate of 9 per cent per annum. This plan enabled the Albany to pay regular dividends of 7 per cent per annum from 1872 to 1902, inclusive, and 9 per cent per annum from 1903 to date of valuation, inclusive. In addition to the above, extra dividends have been paid and charged to income as follows:



At October 22, 1909, the Albany received payment of \$1,350,512.36 from the carrier for arrears in rental and interest thereon. Of this amount, \$1,050,000 was disbursed in payment of an extra dividend of 30 per cent. An extra dividend of 3.45 per cent was paid during the years 1911 to 1913, inclusive, and  $3\frac{1}{4}$  per cent during the years 1914 to date of valuation, inclusive. The dividends for the period of corporate operations amounted in the aggregate to \$13,545,955.50.

General Balance Sheet.—The general balance sheet stated by the Albany, as showing its financial condition on date of valuation, follows:

| Assets                                  |                 |
|---|-----------------|
| Investments:                            |                 |
| Investment in road and equipment .....  | \$14,200,765.55 |
| Investment in bonds .....               | 45,490.07       |
| Total .....                             | \$14,246,255.62 |
| Current assets:                         |                 |
| Cash .....                              | 7,236.55        |
| Miscellaneous accounts receivable ..... | 2,532.50        |
| Rents receivable .....                  | 87,500.00       |
| Total .....                             | 97,269.05       |
| Grand total .....                       | 14,343,525.67   |
| [ fol. 46 ] Liabilities                 |                 |
| Stock:                                  |                 |
| Capital stock .....                     | \$3,500,000.00  |
| Long-term debt:                         |                 |
| Funded debt unmatured .....             | 10,000,000.00   |
| Current liabilities:                    |                 |
| Dividends matured unpaid .....          | \$861.45        |
| Unmatured interest accrued .....        | 87,500.00       |
| Total .....                             | 88,361.45       |
| Corporate surplus:                      |                 |
| Profit and loss balance—credit .....    | 755,164.00      |
| Grand total .....                       | 14,343,525.67   |

**Investment in Road and Equipment.**—The investment in road and equipment, including land, on date of valuation, is stated in the books of the Albany to be \$14,200,766.55. If certain readjustments were made, as detailed in Appendix 2, this amount would be increased to \$14,322,055.32. Of this amount \$459,723.16 represents securities issued, the money value of which at the time of entry upon the books of the Albany is not known and can not be ascertained.

**Original Cost to Date.**—The original cost to date of the common-carrier property owned by the Albany can not be ascertained owing to the inadequacy of the accounting records. With the exception of equipment taken over by the carrier when it leased the property on February 24, 1870, the obtainable data may be summarized as follows:

|  |                 |
|--|-----------------|
| Recorded money outlay.....                                       | \$12,563,182.96 |
| By the Albany.....   | \$6,139,300.42  |
| By the carrier (improvements<br>on leased railway property)..... | 3,423,882.54    |
| Outlay in securities.....  | 424,523.16      |
| Capital stock.....   | 114,823.16      |
| Funded debt.....   | 249,600.00      |
| Town bonds exchanged....   | 60,100.00       |

There should be deducted from the foregoing the cost of lands classified by us as noncarrier, the excess of original cost over proceeds from sales of land, and the original cost of other land disposed of and credited to other accounts. The above outlay may also include the cost of property which may have been abandoned and not written out of the investment in road and equipment account.

Information respecting the cost of lands will be found in Appendix 2.

**Cost of Reproduction New and Cost of Reproduction Less Depreciation.**—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, wholly owned by the Albany and leased to the carrier, are \$14,833,236 and \$11,846,539, respectively.

[fol. 47] These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets which are a part of Appendix 1.

**Cost of Lands, Rights of Way and Terminals at the Time of Their Dedication to Public Use, and Present Value of the Same.**—The Albany owns 2,285.09 acres of lands which are leased to the carrier for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary details in the accounting records are not obtainable. Information respecting original cost will be found in Appendix 2. The present value of these lands is \$1,260,783.31.

**Rights in Private Lands.**—The Albany owns rights in private lands, used by the carrier, with a present value of \$980. The original cost of these rights, as supported by accounting records, is

\$754.35. In addition to this amount the Albany claims costs of \$632.30, which are not supported by accounting records.

**Property Held for Purposes Other Than Those of a Common Carrier.**—The Albany owns 0.22 of an acre of land classified as noncarrier. The original cost of this land, as supported by accounting records, is \$502. Its present value, including the value of improvements thereon, is \$626.21.

On lands used for carrier purposes are noncarrier structures with a present value of \$14,000.

On date of valuation, the Albany had an investment of \$45,000 par value of New York City bonds which it acquired for \$45,490.07 in cash.

**Aids, Gifts, Grants of Rights of Way, and Donations.**—Of the lands owned by the Albany and leased to the carrier for common-carrier purposes, 40.49 acres, with a present value of \$110,059.59, were acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. The value of this land at the time acquired can not be determined.

Under special acts passed by the legislature of New York, the Albany received donations from that state of \$750,000, paid in five installments from January, 1865, to February, 1868, in consideration of construction and equipping the road, which was credited to the investment in road and equipment account.

Under authority of a special act of New York, the city of Albany issued its 30-year bonds of a par value of \$1,000,000 in aid of construction. These bonds were retired with cash at maturity by the Albany.

Under special acts of the legislature of New York dated March 27, 1852, March 31, 1856, and amendments subsequent thereto, various towns subscribed to the capital stock of the Albany in the following amounts.

| Town                | Amount   |
|---------------------|----------|
| Afton .....         | \$30,000 |
| Bainbridge .....    | 30,000   |
| Binghamton .....    | 50,000   |
| Cobleskill .....    | 60,000   |
| Colesville .....    | 50,000   |
| [fol. 48]           |          |
| Davenport .....     | 30,000   |
| Duanesburg .....    | 30,000   |
| Decatur .....       | 20,000   |
| Esperance .....     | 30,000   |
| Maryland .....      | 70,000   |
| Milford .....       | 60,000   |
| Otego .....         | 70,000   |
| Oneonta .....       | 70,000   |
| Richmondville ..... | 50,000   |
| Summit .....        | 25,000   |

| Town            | Amount  |
|-----------------|---------|
| Seward .....    | 30,000  |
| Schoharie ..... | 30,000  |
| Sidney .....    | 50,000  |
| Unadilla .....  | 70,000  |
| Worcester ..... | 65,000  |
| Westford .....  | 30,000  |
| Total .....     | 950,000 |

The Albany received cash donations from various individuals during the years 1853 to 1867, in amounts ranging from \$25 to \$250, to the aggregate of \$2,225. Of this amount \$400 was subsequently eliminated by the issue of capital stock, \$1,725 was credited to investment in road and equipment, and the remaining \$100 was donated by the grantor of a parcel of land in 1864 for which the total consideration was \$118.75, the Albany paying the difference of \$18.75 to the donor.

**Materials and Supplies.**—The Albany had no materials and supplies on hand on date of valuation.

**Final Value.**—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, as that term is used in the Interstate Commerce Act, of the property of the Albany, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$14,000,000.

No other values or elements of value to which specific sums can now be ascribed are found.

No working capital, including materials and supplies, is found to be owned or used by the Albany.

### The Rensselaer and Saratoga Railroad Company (The Rensselaer)

**Location and General Description of Property.**—The railroad of the Rensselaer and Saratoga Railroad Company, hereinafter called the Rensselaer is a partly double track, standard gauge, steam railroad located in the states of New York and Vermont. The owned mileage extends from Troy to Ballston Spa, a distance of 25.150 miles; from Watervliet to Green Island, 1.080 miles; from Glens Falls to Lake George, 9.060 miles, from Saratoga Springs to Whitehall, 40.950 miles, from Whitehall to New York-Vermont state line, 6.590 miles; from Eagle Bridge to New York-Vermont state line, 32.400 miles; from Fort Edward to Glens Falls, 5.400 miles; and New York-Vermont state line to Rutland, Vt., 33.074 miles.

The following is a summary of the mileage owned by the Rensselaer and leased to the carrier for common-carrier purposes:

Wholly owned:

Leased to the carrier:

|                      | First<br>main track | Second<br>main track | Yard tracks<br>and sidings | All<br>tracks |
|----------------------|---------------------|----------------------|----------------------------|---------------|
| In New York . . .    | 120.630             | 59.626               | 92.497                     | 272.753       |
| [fol. 49]            |                     |                      |                            |               |
| In Vermont . . . . . | 33.074              | .....                | 11.094                     | 44.168        |
| Total owned . . .    | 153.704             | 59.626               | 103.591                    | 316.921       |

In Appendix 1 will be found a general description of the property of the Rensselaer.

Jointly Used Property.—The Rensselaer has no jointly owned and used property.

Traffic Connections.—The traffic connections will be found in Appendix 1.

Physical Conditions Affecting Construction.—In Appendix 1 are statements as to the topography, geology and climate, as affecting the construction of the carrier's railroad, which are applicable to the Rensselaer.

Economic Conditions Affecting Traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate History.—The Rensselaer is a corporation of the state of New York, with principal office at Troy, and was incorporated under a special act of April 14, 1832. Its property was leased on May 1, 1871, for the term of its charter, to the carrier.

The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of Corporate Financing, Capital Stock, and Long-Term Debt.—The Rensselaer, so far as can be ascertained from obtainable records, has issued a total of \$17,775,000 in stocks, bonds and other long-term debts, of which \$12,000,000 was outstanding on date of valuation. Of the securities outstanding \$10,000,000 are in common stock and \$2,000,000 in bonds.

The Rensselaer also issued and retired, to date of valuation, short-term notes aggregating \$455,084.84.

The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Rensselaer, are given in Appendix 2.

Gross and Net Earnings of the Rensselaer.—The result of the corporate operations of the Rensselaer for the year ended on date of valuation, and for the period from October 1, 1866, to date of valuation, is stated in detail in Appendix 2, and is summarized as follows:

|   |                |
|---|----------------|
| Gross earnings (railway operating revenues) . . . . .     | \$6,769,680.99 |
| Operating expenses (railway operating expenses) . . . . . | 4,666,678.25   |

|  |              |
|--|--------------|
| Resulting in net earnings (net revenue from railway operations) of . . . . .       | 2,103,002.74 |
| During the same period taxes assessed (railway tax accruals) amounted to . . . . . | 340,774.86   |

|   |              |
|---|--------------|
| [fol. 50] Resulting in an income from railway operations (railway operating income) of . . . . .  | 1,762,227.88 |
| In addition to this there was income from nonoperating sources (nonoperating income) of . . . . . | 334,816.31   |

|  |              |
|--|--------------|
| Resulting in gross income for the period (gross income) of . . . . .   | 2,097,044.19 |
| During this period rents and hire of equipment (chargeable to deductions from gross income and to disposition of net income) amounted to . . . . . | 386,352.32   |

|  |              |
|--|--------------|
| Resulting in an amount available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income) of . . . . . | 1,710,691.87 |
|--|--------------|

From October 1, 1866, to April 30, 1871, dividends were paid annually out of surplus at rates varying from 3 to 7 per cent, to the aggregate amount of \$874,750. In addition, the published reports of the State Engineer and Surveyor, and the Railroad Commissioners of the state of New York, indicate that dividends were paid during the years 1848 to 1866, inclusive, at rates varying, so far as ascertainable, from 3 to 8 per cent, to the aggregate amount of \$392,628.

General Balance Sheet.—The general balance sheet stated by the Rensselaer, as showing its financial condition on date of valuation, follows:

| Investments:                               | Assets          |
|--|-----------------|
| Investment in road and equipment . . . . . | \$11,524,552.13 |
| Investment in stock . . . . .              | 475,447.87      |
| Investment in bonds . . . . .              | 47,000.00       |
| Total . . . . .                            | \$12,047,000.00 |
| Current assets:                            |                 |
| Cash . . . . .                             | 6,626.47        |
| Rents receivable . . . . .                 | 423,333.33      |
| Total . . . . .                            | 429,959.80      |
| Grand total . . . . .                      | 12,476,959.80   |

## Liabilities

## Stock:

|                     |                 |
|---------------------|-----------------|
| Capital stock ..... | \$10,000,000.00 |
|---------------------|-----------------|

## Long-term debt:

|                             |              |
|-----------------------------|--------------|
| Funded debt unmatured ..... | 2,000,000.00 |
|-----------------------------|--------------|

## Current liabilities:

|                              |              |
|------------------------------|--------------|
| Dividends matured unpaid ..  | \$400,000.00 |
| Unmatured interest accrued . | 23,333.33    |

|             |            |
|-------------|------------|
| Total ..... | 423,333.33 |
|-------------|------------|

## [fol. 51] Corporate surplus:

|                                      |           |
|--------------------------------------|-----------|
| Profit and loss balance—credit ..... | 53,626.47 |
|--------------------------------------|-----------|

|                   |               |
|-------------------|---------------|
| Grand total ..... | 12,476,959.80 |
|-------------------|---------------|

Investment in Road and Equipment.—The investment in road and equipment, including land, on date of valuation, is stated in the books of the Rensselaer to be \$11,524,552.13. If certain readjustments were made, as detailed in Appendix 2, this amount would be decreased to \$9,015,613.50. Of this amount \$2,267,900 consists of the par value of securities, the money value of which at the time of entry upon the books of the Rensselaer is not known and can not be ascertained.

Original Cost to Date.—The original cost to date of the common-carrier property of the Rensselaer can not be ascertained owing to the inadequacy of the records. With the exception of equipment, the outlays by the predecessor companies and by the Rensselaer to date of valuation are summarized as follows:

## Recorded and Reported Outlay

|                             |                |
|-----------------------------|----------------|
| Recorded money outlay ..... | \$6,312,637.81 |
|-----------------------------|----------------|

|                         |                |
|-------------------------|----------------|
| By the Rensselaer ..... | \$4,418,467.60 |
|-------------------------|----------------|

|   |              |
|---|--------------|
| By the lessee for improvements on leased railway property charged to the investment in road and equipment account of the former | 1,894,170.21 |
|---|--------------|

|  |           |
|--|-----------|
| Mortgage bonds issued, par value ..... | 99,000.00 |
|--|-----------|

|                                    |              |
|------------------------------------|--------------|
| Considerations not of record ..... | 4,621,530.02 |
|------------------------------------|--------------|

## By the Rensselaer:

|  |              |
|--|--------------|
| Reported outlay to September 30, 1867 .... | 1,227,986.32 |
|--|--------------|

## By predecessor companies:

Sworn reports to state of

New York ..... 3,393,543.70

Less proceeds from sale of land and buildings..... 3,550.00

A separation of the foregoing amounts as between predecessor companies, together with information respecting the cost of lands, will — found in Appendix 2,

Cost of Reproduction New and Cost of Reproduction Less Depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Rensselaer and leased to the carrier, are as follows:

## Wholly owned but not used:

## Leased to the carrier:

| Classification    | Cost of reproduction |                   |
|-------------------|----------------------|-------------------|
|                   | New                  | Less depreciation |
| In New York ..... | \$9,398,854          | \$7,387,025       |
| In Vermont .....  | 1,236,325            | 978,337           |
| Total owned ..... | 10,635,179           | 8,365,362         |

[fol. 52] These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets which are a part of Appendix 1.

Cost of Lands, Rights of Way and Terminals at the Time of Their Dedication to Public Use, and Present Value of the Same.—The total original cost of the lands owned by the Rensselaer and leased to the carrier for common-carrier purposes can not be ascertained, as the necessary details in the accounting records are not obtainable. Information respecting the original cost will be found in Appendix 2.

The Rensselaer owns 1,755.87 acres of lands which are leased to the carrier for common-carrier purposes. The area and present value of these lands, divided by states, is as follows:

## Wholly owned:

## Leased to the carrier:

| Classification    | Acres    | Present value  |
|-------------------|----------|----------------|
| In New York ..... | 1,463.01 | \$1,218,330.52 |
| In Vermont .....  | 292.86   | 34,320.53      |
| Total .....       | 1,755.87 | 1,252,651.05   |

Rights in Public Domain.—The Rensselaer owns and leases to the carrier rights in the public domain, located in New York, with a



present value of \$8,023.50. The total original cost of these rights can not be ascertained. Information with respect to the cost will be found in Appendix 2.

Rights in Private Lands.—The Rensselaer owns and leases to the carrier rights in private lands as follows:

|                   | Present value |
|-------------------|---------------|
| In New York ..... | \$680         |
| In Vermont .....  | 165           |
| Total .....       | <u>845</u>    |

The total original cost of these rights can not be ascertained. The obtainable data will be found in Appendix 2.

Property Held for Purposes Other Than Those of a Common Carrier.—The Rensselaer owns 20.99 acres of lands classified as non-carrier and located in New York, with a present value, including the value of improvements thereon, of \$84,448.42. The total original cost of these lands can not be ascertained. Further information will be found in Appendix 2.

On lands used for common-carrier purposes, located in New York, are noncarrier structures with a present value of \$146,200.

The Rensselaer also owns securities which are held for noncarrier purposes as follows:

[fol. 53]

Stock:

Affiliated companies:

| Property                                   | Par value      | Book value        |
|--|----------------|-------------------|
| The Champlain Transportation Company ..... | \$95,540       | \$350,447.87      |
| Nonaffiliated companies:                   |                |                   |
| The Troy Union Rail Road Company .....     | 7,500          | 125,000.00        |
| Total .....                                | <u>102,950</u> | <u>475,447.87</u> |

Bonds:

Nonaffiliated companies:

|                                  |        |           |
|----------------------------------|--------|-----------|
| West Shore Railroad Company..... | 20,000 | 20,000.00 |
|----------------------------------|--------|-----------|

Miscellaneous:

|  |         |            |
|--|---------|------------|
| New York City, 4 per cent corporated stock ..... | 27,000  | 27,000.00  |
| Grand total.....                                 | 149,950 | 522,447.87 |

Further details will be found in Appendix 2.

Aids, Gifts, Grants of Rights of Way, and Donations.—The Rensselaer owns certain carrier and noncarrier lands which were acquired through aids. The area and present value of these lands are as follows:

Wholly owned:

Leased to the carrier:

| Classification   | Acres | Present value |
|------------------|-------|---------------|
| In New York..... | 47.29 | \$123,717.59  |
| In Vermont.....  | 8.01  | 369.40        |
| Total .....      | 55.30 | 124,086.99    |

Wholly owned:

Held for noncarrier purposes:

|                  |      |          |
|------------------|------|----------|
| In New York..... | 0.81 | 9,658.60 |
|------------------|------|----------|

The foregoing totals are included in the preceding summaries of the present value of lands owned by the Rensselaer. The value of these lands at the time acquired can not be determined.

Materials and Supplies.—The Rensselaer had no material and supplies on hand on date of valuation.

Final Value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, as that term is used in the Interstate Commerce Act, of the property of the Rensselaer, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$10,300,000.

No other values or elements of value to which specific sums can now be ascribed are found.

No working capital, including material and supplies, is found to be owned or used by the Rensselaer.

[fol. 54] Albany and Vermont Rail Road Company

(The Vermont)

Location and General Description of Property.—The railroad of Albany and Vermont Rail Road Company, hereinafter called the Vermont, is a partly double track, standard gauge, steam railroad located in the east-central part of New York. The owned mileage extends northwardly from Albany to Waterford Junction, a distance of 12.273 miles. The Vermont owns second main tracks aggregating 12.217 miles. It also owns yard and side tracks totaling 17.682 miles. Its road thus embraces 42.172 miles of all tracks owned.

In Appendix 1 will be found a general description of the property of the Vermont.

**Jointly Used Property.**—The Vermont has no jointly owned and used property.

**Traffic Connections.**—The traffic connections will be found in Appendix 1.

**Physical Conditions Affecting Construction.**—In Appendix 1 are statements as to topography, geology and climate, as affecting the construction of the carrier's railroad, which are applicable to the Vermont.

**Economic Conditions Relating to Traffic.**—Information with respect to this subject will be found in Appendix 1.

**Corporate History.**—The Vermont was incorporated October 6, 1859, under the general laws of New York, for a term of 500 years, and has its principal office at Troy, N. Y. Its organization was perfected on October 17, 1859.

The Vermont was a reorganization of the first-mortgage bondholders of the Northern for the purpose of acquiring the property of the Canada, which was conveyed to it by deed dated September 22, 1859, from Abijah Mann, Jr., who had previously acquired it at a foreclosure sale on September 19, 1859.

**History of Corporate Financing, Capital Stock, and Long-term Debt.**—The Vermont has issued a total of \$600,000 in capital stock, all of which was outstanding on date of valuation.

The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Vermont, are given in Appendix 2.

**Gross and Net Earnings of the Vermont.**—The result of the corporate operations of the Vermont from October 8, 1859, to date of valuation, is stated in detail in Appendix 2, and is summarized as follows:

|   |              |
|---|--------------|
| Gross earnings (railway operating revenues) . . . . .   | \$36,657.65  |
| Operating expenses (railway operating expenses) . . .   | 54,544.28    |
| [fol. 55] Resulting in a deficit, instead of net earnings (net revenue from railway operations—deficit) of . . . . .  | 17,886.63    |
| Offsetting this there was income from nonoperating sources (nonoperating income) of . . . . .   | 1,136,076.32 |
| Resulting in gross income for the period (gross income) of . . . . .  | 1,118,189.69 |
| During this period rents (chargeable to deductions from gross income) amounted to . . . . .   | 55,777.57    |
| Resulting in an amount available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income), of . . . . . | 1,062,412.12 |

From 1860 to date of valuation, both inclusive, dividends were paid annually out of surplus at rates varying from  $2\frac{1}{2}$  to 8 per cent, to the aggregate amount of \$1,048,500.

General Balance Sheet.—The general balance sheet stated by the Vermont, as showing its financial condition on date of valuation, follows:

| Assets                                |                          |
|---------------------------------------|--------------------------|
| Investments:                          |                          |
| Investment in road and equipment..... | \$600,000.00             |
| Investment in bonds.....              | 5,000.00                 |
| Total .....                           | <u>605,000.00</u>        |
| Current assets:                       |                          |
| Cash .....                            | <u>12,774.72</u>         |
| Grand total.....                      | <u><u>617,774.72</u></u> |
| Liabilities                           |                          |
| Stock:                                |                          |
| Capital stock.....                    | 600,000.00               |
| Corporate surplus:                    |                          |
| Profits and loss—credit balance.....  | <u>17,774.72</u>         |
| Grand total.....                      | <u><u>617,774.72</u></u> |

Investment in Road and Equipment.—The Vermont owns no equipment. The investment in road, including land, on date of valuation, is stated in the books of the Vermont to be \$300,000. If certain readjustments were made, as detailed in Appendix 2, this amount would be increased to \$603,151.72. Of this amount \$538,650 consists of the par value of securities issued, the money value of which at the time of entry upon the books of the Vermont is not known and can not be ascertained.

[fol. 56] Original Cost to Date.—The original cost to date of the common-carrier property of the Vermont can not be ascertained owing to the inadequacy of the records. The Vermont and the Rensselaer made certain additions and betterments, the outlays for which may be classified as follows:

|                  | Recorded<br>money outlay | Reported costs,<br>considerations<br>not of record |
|------------------|--------------------------|--|
| Northern .....   | .....                    | \$1,552,802.63                                     |
| Canada .....     | .....                    | 10,032.94  |
| Vermont .....    | \$22,892.44              |  |
| Rensselaer ..... | 204,579.77               |  |

Less deduction not assignable to any one  
or more of the classes of outlay stated  
above:

Proceeds from the sale of land ..... 2,779.71

The foregoing costs include the outlay for approximately 21 miles of road abandoned but not written out of the investment account.

Cost of Reproduction New and Cost of Reproduction Less Depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Vermont and leased to the carrier, are \$1,520,712 and \$1,221,556, respectively.

These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheet which is a part of Appendix 1.

The Cost of Lands, Rights of Way and Terminals at the Time of Their Dedication to Public Use, and Present Value of the Same.—The Vermont owns 118 acres of land leased to the carrier for common-carrier purposes, with a present value of \$339,188.82. The original cost of these lands, as supported by accounting records, was \$111,671.34. The Vermont claims costs amounting to \$112,819.63, which are not supported by accounting records.

Property Held for Purposes Other Than Those of a Common Carrier.—The Vermont owns \$5,000 par value of first-mortgage 4 per cent bonds of West Shore Railroad Company, for which it paid \$4,995. The adjustment was made to par value by credit of \$5 to its income.

Aids, Gifts, Grants of Rights of Way, and Donations.—Of the lands owned by the Vermont and leased to the carrier for common-carrier purposes, 3.58 acres, with a present value of \$5,223.58, were acquired by it through aids, the title to this land being conveyed by deeds reciting nominal or no considerations. The value of this land at the time acquired can not be determined.

The Vermont reports a donation of \$300 in cash by unknown individuals for the purpose of aiding the construction of a station at Menanda.

Materials and Supplies.—The Vermont had no materials and supplies on hand on date of valuation.

[fol. 57] Final Value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, as that term is used in the

Interstate Commerce Act, of the property of the Vermont, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$1,600,000.

No other values or elements of value to which specific sums can now be ascribed are found.

No working capital, including material and supplies, is found to be owned or used by the Vermont.

## Rutland and Whitehall Railroad Company

### (The Ruthall)

**Location and General Description of Property.**—The railroad of Rutland and Whitehall Rail Road Company, hereinafter called the Ruthall, is a single track, standard gauge, steam railroad located in the west-central part of Vermont. The owned mileage extends northeastwardly from the New York-Vermont state line to Castleton, a distance of 6.833 miles. The Ruthall also owns yard and side tracks totaling 2.205 miles. Its road thus embraces 9.038 miles of all tracks owned.

In Appendix 1 will be found a general description of the property of the Ruthall.

**Jointly Used Property.**—The Ruthall has no jointly owned and used property.

**Traffic Connections.**—The traffic connections will be found in Appendix 1.

**Physical Conditions Affecting Construction.**—In Appendix 1 are statements as to topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Ruthall.

**Economic Conditions Relating to Traffic.**—Information with respect to this subject will be found in Appendix 1.

**Corporate History.**—The Ruthall was incorporated November 13, 1848, under a special act of Vermont, and perfected its organization on March 3, 1849, by the election of its officers. The entire property of the Ruthall is leased in perpetuity to the Rensselaer from February 1, 1870. The lease was assigned to the carrier on June 15, 1871, and the property has been operated by the latter since May 1, 1871. The principal office of the Ruthall is located at Fair Haven.

The detailed facts as to the development of the fixed physical property are given in Appendix 2.

[fol. 58] **History of Corporate Financing, Capital Stock and Long-term Debt.**—The Ruthall has issued a total of \$255,700 in capital stock, all of which was outstanding on date of valuation.

The character or value of the considerations received could not be ascertained, but the records show an equal amount charged to investment in road and equipment account. The accounts state that \$29,700 of the stock was issued to Arundah W. Hyde in full settlement for the construction of the branch road from Hydesville to Lake Bomoseen.

Gross and Net Earnings of the Ruthall.—The income of the Ruthall consists entirely of the rental received from the lease of its road, which is paid to the stockholders as dividends. The rental for the period November 1, 1850, to October 31, 1854, was equal to 7 per cent per annum upon the outstanding capital stock. From the latter date to April 30, 1856, no rental was received because of the insolvency of the lessee, and since then the annual rental has been \$15,342, representing 6 per cent on the capital stock and \$150 per year for organization expenses. The carrier assumes the maintenance of the property.

General Balance Sheet.—The general balance sheet stated by the Ruthall, as showing its financial condition on date of valuation, follows:

| Assets                                |           |
|---------------------------------------|-----------|
| Investments:                          |           |
| Investment in road and equipment..... | \$255,700 |
| Liabilities                           |           |
| Stock:                                |           |
| Capital stock .....                   | \$255,700 |

Investment in Road and Equipment.—The Ruthall owns no equipment. The investment in road, including land, is stated in its report to us for the year ending on date of valuation to be \$255,700, the exact amount of the capital stock issued. Whether or not this amount represents money outlay can not be ascertained. Further details will be found in Appendix 2.

Original Cost to Date.—The original cost to date of the property of the Ruthall can not be ascertained owing to the inadequacy of the records. With the exception of equipment, the book value of which has not been written out of the account, the recorded outlay was \$209,700. This amount includes \$29,700 par value of capital stock issued for the construction of a branch line which was subsequently abandoned, and may also include the cost of other property abandoned, sold or destroyed, in excess of the credits made to the account, and also the cost of lands classified by us as noncarrier.

Cost of Reproduction New and Cost of Reproduction Less Depreciation.—The cost of reproduction now and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Ruthall and leased to the carrier, are \$287,344 and \$226,771, respectively. These amounts, classified in conformity [fol. 59] with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheet which is a part of Appendix 1.

Cost of Lands, Rights of Way and Terminals at the Time of Their Dedication to Public Use, and the Present Value of Same.—The Ruthall owns 61.93 acres of land which are leased to the carrier for common-carrier purposes, with a present value of \$6,345.95. The total original cost of these lands could not be ascertained as the

necessary accounting records are not obtainable, but the original cost, as supported by accounting records, was \$687. The Ruthall also claims costs of \$8,353.60, which are not supported by accounting records.

**Property Held for Purposes Other Than Those of a Common Carrier.**—The Ruthall owns 8.30 acres of lands classified as non-carrier, with a present value, including the value of improvements thereon, of \$304.50. The original cost of these lands could not be ascertained. The Ruthall claims costs of \$1,348, which are not supported by accounting records.

On lands leased to the carrier for common-carrier purposes are non-carrier structures with a present value of \$20.

**Aids, Gifts, Grants of Rights of Way, and Donations.**—The Ruthall received no aids, gifts, grants of rights of way, or donations.

**Materials and Supplies.**—The Ruthall had no materials and supplies on hand on date of valuation.

**Final Value.**—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, as that term is used in the Interstate Commerce Act, of the property of the Ruthall, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$240,000.

No other values or elements of value to which specific sums can now be ascribed are found.

No working capital, including material and supplies, is found to be owned or used by the Ruthall.

### Saratoga and Schenectady Rail Road Company (The Saratoga)

**Location and General Description of Property.**—The railroad of Saratoga and Schenectady Rail Road Company, hereinafter called the Saratoga, is a partly double track, standard gauge, steam railroad located in the east-central part of New York. The owned mileage extends northeasterly from Schenectady to Saratoga Springs, a distance of 20.806 miles. The Saratoga owns second main line tracks aggregating 11.394 miles. It also owns yard and side tracks totaling 45.375 miles. Its road thus embraces 77.575 miles of all tracks owned.

[fol. 60] In Appendix 1 will be found a general description of the property of the Saratoga.

**Jointly Used Property.**—The Saratoga has no jointly owned and used property.

**Traffic Connections.**—The traffic connections will be found in Appendix 1.

**Physical Conditions Affecting Construction.**—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Saratoga.



Economic Conditions Relating to Traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate History.—The Saratoga was incorporated February 16, 1831, under a special act of New York. The date of its organization can not be ascertained.

On January 1, 1851, the property was leased to the Rensselaer, which operated it until May 1, 1871, when its lease was assigned to the carrier.

The principal office of the Saratoga is located at Troy.

The road from Schenectady to Ballston Spa was opened for operation on July 12, 1832, and from Ballston Spa to Saratoga Springs in 1833.

History of Corporate Financing, Capital Stock, and Long-term Debt.—So far as can be ascertained from the records, the Saratoga has issued a total of \$523,000 in stocks and bonds. Of this amount \$450,000, consisting of capital stock, was outstanding on date of valuation.

The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Saratoga, are given in Appendix 2.

Gross and Net Earnings of the Saratoga.—The result of corporate operations of the Saratoga can not be stated for the entire period of operation owing to the absence of the accounting records. The result from January 1, 1861, to date of valuation, is stated as non-operating and gross income of \$1,768,889.35, which amount was available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income). The details of this amount are shown in Appendix 2.

From 1861, to date of valuation, inclusive, dividends were paid at rates varying from 5 to 9 per cent, which, with an extra dividend of  $3\frac{1}{4}$  per cent in 1890, aggregated in amount \$1,748,398.

General Balance Sheet.—The general balance sheet stated by the Saratoga, as showing its financial condition on date of valuation, follows:

[fol. 61]

#### Assets

##### Investments:

|  |              |
|--|--------------|
| Investments in road and equipment..... | \$450,000.00 |
| Investment in bonds.....               | 5,000.00     |
| Total .....                            | 455,000.00   |

##### Current assets:

|                       |            |
|-----------------------|------------|
| Cash .....            | 671.88     |
| Rents receivable..... | 31,500.00  |
| Total .....           | 32,171.88  |
| Grand total.....      | 487,171.88 |

## Liabilities

## Stock:

|                     |              |
|---------------------|--------------|
| Capital stock ..... | \$450,000.00 |
|---------------------|--------------|

## Current liabilities:

|                          |           |
|--------------------------|-----------|
| Unmatured dividends..... | 31,500.00 |
|--------------------------|-----------|

## Corporate surplus:

|                                     |          |
|-------------------------------------|----------|
| Profit and loss—credit balance..... | 5,671.88 |
|-------------------------------------|----------|

|                  |            |
|------------------|------------|
| Grand total..... | 487,171.88 |
|------------------|------------|

Investment in Road and Equipment.—The Saratoga owns no equipment. The investment in road, including land, on date of valuation, is stated in its report to us to be \$450,000.

The details of this amount will be found in Appendix 2.

Original Cost to Date.—The original cost to date of the common-carrier property of the Saratoga can not be ascertained owing to the inadequacy of the records. In its report to us the cost is shown as \$450,000, but this amount may include the cost of lands classified by us as noncarrier, and as partly carrier and partly noncarrier, and also the cost of property abandoned, sold or destroyed, in excess of the charges made for salvage, proceeds from sale, and loss from such property. Information respecting the cost of lands will be found in Appendix 2.

Cost of Reproduction New and Cost of Reproduction Less Depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Saratoga and leased to the carrier, are \$2,519,073 and \$1,979,127, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheet which is a part of Appendix 1.

Cost of Lands, Rights of Way and Terminals at the Time of Their Dedication to Public Use, and Present Value of the Same.—The Saratoga owns 172.53 acres of lands, with a present value of \$247,132.52, which are leased to the carrier for common-carrier purposes. The total original cost of these lands can not be ascertained. Data respecting original cost will be found in Appendix 2.

[fol. 62]. Rights in Private Lands.—The Saratoga owns rights in private lands, leased to the carrier, with a present value of \$150. The Saratoga claims costs of \$150 for these rights, which are not supported by accounting records.

Property Held for Purposes Other Than Those of a Common Carrier.—The Saratoga owns 8.37 acres of land classified as non-carrier, with a present value, including the value of improvements thereon, of \$7,545. Information respecting the original cost of these lands will be found in Appendix 2.

On lands leased to the carrier for common-carrier purposes are non-carrier structures with a present value of \$1,200.

On date of valuation, the Saratoga had an investment in first-mortgage 4 per cent bonds of West Shore Railroad Company, of a par value of \$5,000, which were acquired at a cost of \$5,306.25. These bonds are carried at their par value, the difference of \$306.25 being charged off to income.

**Aids, Gifts, Grants of Rights of Way and Donations.**—Of the lands owned by the Saratoga and leased to the carrier for common-carrier purposes, 5.17 acres, with a present value of \$62,932.05, were acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. The value of this land at the time acquired cannot be ascertained.

**Materials and Supplies.**—The Saratoga had no materials and supplies on hand on date of valuation.

**Final Value.**—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, as that term is used in the Interstate Commerce Act, of the property of the Saratoga, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$2,300,000.

No other values or elements of value to which specific sums can now be ascribed are found.

No working capital, including material and supplies, is found to be owned or used by the Saratoga.

### Northern Coal and Iron Company

#### (The Northern)

**Location and General Description of Property.**—Northern Coal and Iron Company, hereinafter called the Northern, is a partly double track, standard gauge, steam railroad located in the northeastern part of Pennsylvania. The owned mileage extends southwesterly from Scranton to Wilkes-Barre, a distance of 29.284 miles. The Northern owns second main tracks aggregating 34.330 miles. It also owns yard and side tracks totaling 60.476 miles. Its road thus embraces 124.090 miles of all tracks owned.

[fol. 63] In Appendix I will be found a general description of the property of the Northern.

**Jointly Used Property.**—The Northern owns and uses jointly with The Delaware, Lackawanna & Western Railroad Company 0.445 of a mile of all tracks, one-half each, carrier's portion of cost of reproduction and cost of reproduction being included in wholly owned property.

**Traffic Connections.**—The traffic connections will be found in Appendix 1.

**Physical Conditions Affecting Construction.**—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Northern.

**Economic Conditions Relating to Traffic.**—Information with respect to this subject will be found in Appendix 1.

**Corporate History.**—The Northern is a corporation of Pennsylvania with its principal office at New York City. It was incorporated April 27, 1864, by special act of Pennsylvania, and by letters patent dated April 20, 1865, by interests identified with the carrier. The purpose of incorporation was to acquire lands in Luzerne county (now Luzerne and Lackawanna counties), mining and vending the minerals found in these lands, and for transporting such minerals. The Northern was authorized to construct and operate "lateral railroads from their mines, not exceeding 20 miles in length, to connect with any railroad now constructed or to be hereafter constructed in the county of Luzerne." By a subsequent act of Pennsylvania it was authorized to "construct or extend their railroad (a single or double track) to any point on the Delaware or Susquehanna rivers within the counties of Wayne or Susquehanna, provided said railroad and branches shall not exceed in the aggregate 60 miles in length." The Northern was organized May 16, 1865.

The lines acquired through consolidation and merger were operated until November 7, 1886, by the carrier, for the transportation of anthracite coal, and by the Lehigh Coal & Navigation Company for the transportation of all other freight and passengers. Since November 7, 1886, the entire property has been solely operated by the carrier. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

**History of Corporate Financing, Capital Stock, and Long-term Debt.**—The Northern has issued a total of \$27,799,556.30 in stocks, bonds, and other long-term debts, of which \$6,255,100.77 was outstanding on date of valuation. Of the securities outstanding \$1,500,000 are in common stock and \$4,755,100.70 in non-negotiable debt to affiliated companies. The Northern is controlled by the carrier through ownership of its entire outstanding capital stock.

The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Northern, are given in Appendix 2.

**Gross and Net Earnings of the Northern.**—The result of corporate operations for the period January 1, 1868, to December 31, 1903, is recorded in the accounting records of the Northern, but since the latter date the revenues and expenses have been merged with those of [fol. 64] the carrier. The income account for the period January 1, 1868, to December 31, 1906, is stated in Appendix 2, and is summarized as follows:

|  |              |
|--|--------------|
| During this period taxes assessed (railway tax accruals) amounted to.....                                | \$960,298.16 |
| Resulting in a deficit, instead of income from railway operations (railway operating income—deficit) of. | 960,298.16   |

In addition to this there was:

|  |              |                     |
|--|--------------|---------------------|
| Net loss from miscellaneous operations of .....              | \$114,307.85 |                     |
| Income from nonoperating sources (nonoperating income) ..... | 9,857,269.44 |                     |
|  |              | <u>9,742,961.59</u> |

|  |              |
|--|--------------|
| Resulting in gross income for the period (gross income) of ..... | 8,782,663.43 |
|--|--------------|

Resulting in that amount being available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income).

No dividends have been paid by the Northern.

General Balance Sheet.—The general balance sheet stated by the Northern, as showing its financial condition on date of valuation, follows:

#### Assets

##### Investments:

|                                     |                |                            |
|-------------------------------------|----------------|----------------------------|
| Investment in road and equipment..  | \$3,898,388.35 |                            |
| Miscellaneous physical property.... | 2,353,712.42   |                            |
|                                     |                | <u>\$6,255,100.77</u>      |
| Total .....                         |                | <u><u>6,255,100.77</u></u> |

#### Liabilities

##### Stock:

|                     |                |
|---------------------|----------------|
| Capital stock ..... | \$1,500,000.00 |
|---------------------|----------------|

##### Long-term debt:

|   |              |                            |
|---|--------------|----------------------------|
| Non-negotiable debt to affiliated companies ..... | 4,755,100.77 |                            |
|   |              | <u>6,255,100.77</u>        |
| Grand total .....                                 |              | <u><u>6,255,100.77</u></u> |

Investment in Road and Equipment.—The Northern owns no equipment. The investment in road, including land, on date of valuation, is stated in its books to be \$3,898,388.35. Of this amount \$1,100,000 consists of the par value of securities, the money value of which at the time of entry upon the books of the Northern is not known and can not be ascertained. Further details will be found in Appendix 2.

[fol. 65] Original Cost to Date.—The original cost to date of the common-carrier property of the Northern can not be ascertained owing to the inadequacy of the records. Information respecting the original cost of land will be found in Appendix 2.

Cost of Reproduction New, and Cost of Reproduction Less Depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly

owned by the Northern and leased to the carrier, including the Northern's portion of jointly owned property, are \$4,005,910 and \$3,162,558, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets which are a part of Appendix 1.

**Cost of Lands, Rights of Way, and Terminals at the Time of Their Dedication to Public Use, and Present Value of the Same.**—The Northern owns 328.26 acres of lands, with a present value of \$3,648,808.32, which are leased to the carrier for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary accounting records are not obtainable. Data respecting original cost will be found in Appendix 2.

**Rights in Private Lands.**—The Northern owns and leases to the carrier for common-carrier purposes rights in private lands with a present value of \$20. The original cost of these rights could not be ascertained. The Northern claims costs of \$10,000, which are not supported by accounting records.

**Property Held for Purposes Other Than Those of a Common Carrier.**—The Northern owns 42.40 acres of lands classified by us as non-carrier, with a present value, including the value of improvements thereon, of \$280,046.41. Obtainable data pertaining to the original cost of these lands will be found in Appendix 2.

On lands leased to the carrier for common-carrier purposes are non-carrier structures with a present value of \$4,600.

**Aids, Gifts, Grants of Rights of Way, and Donations.**—Of the lands owned by the Northern and leased to the carrier for common-carrier purposes, 31.80 acres, with a present value of \$67,536.32, were acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. The value of this land at the time acquired can not be ascertained.

**Materials and Supplies.**—The Northern had no materials and supplies on hand on date of valuation.

**Final Value.**—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, as that term is used in the Interstate Commerce Act, of the property of the Northern, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$7,000,000.

No other values or elements of value to which specific sums can now be ascribed are found.

No working capital, including material and supplies, is found to be owned or used by the Northern.

[fol. 66]      The Ticonderoga Railroad Company

(The Ticonderoga)

**Location and General Description of Property.**—The railroad of The Ticonderoga Railroad Company, hereinafter called the Ticon-

deroga, is a single track, standard gauge, steam railroad located in the east-central part of New York. The owned mileage extends westwardly from Ticonderoga Junction to Ticonderoga, a distance of 0.587 of a mile. The Ticonderoga also owns yard and side tracks totaling 2.537 miles. Its road thus embraces 3.124 miles of all tracks owned.

In Appendix 1 will be found a general description of the property of the Ticonderoga.

**Jointly Used Property.**—The Ticonderoga has no jointly owned and used property.

**Traffic Connections.**—The traffic connections will be found in Appendix 1.

**Physical Conditions Affecting Construction.**—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Ticonderoga.

**Economic Conditions Relating to Traffic.**—Information with respect to this subject will be found in Appendix 1.

**Corporate History.**—The Ticonderoga was incorporated under the general laws of New York December 13, 1889, for a term of 50 years, for the purpose of constructing, maintaining and operating a railroad from a connection with the New York at Ticonderoga Junction to Ticonderoga. The date of organization was November 20, 1889, and its principal office was originally located at Ticonderoga. This office has since been located at New York City.

The property of the Ticonderoga has been operated by the carrier since the date the road was opened for operation, under an agreement dated August 13, 1890, effective for the life of the lessor company.

The detailed facts as to the development of the fixed physical property are given in Appendix 2.

**History of Corporate Financing, Capital Stock, and Long-term Debt.**—The Ticonderoga has issued a total of \$60,000 in stocks and bonds, all of which was outstanding on date of valuation. Of the securities outstanding, \$30,000 are in capital stock and an equal amount in first-mortgage bonds. Of the stock, \$18,500 is in common and \$11,500 in preferred. The Ticonderoga also issued and had outstanding on date of valuation \$14,253.60 in short-term notes.

The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Ticonderoga are given in Appendix 2.

[fol. 67] **Gross and Net Earnings of the Ticonderoga.**—The income account of the Ticonderoga for the period of corporate operations, February 2, 1891, to date of valuation, shows but one item, income lease of road, stated as \$63,500, which is the amount available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income).

Dividends have been paid out of income by the Ticonderoga aggregating \$22,500.

General Balance Sheet.—The general balance sheet stated by the Ticonderoga, as showing its financial condition on date of valuation, follows:

| Assets                               |                    |
|--------------------------------------|--------------------|
| Investments:                         |                    |
| Investments in road and equipment .. | \$60,000.00        |
| Sinking funds .....                  | 24,000.00          |
| Total .....                          | <u>\$84,000.00</u> |
| Current assets:                      |                    |
| Rents receivable .....               | 1,900.00           |
| Grand total .....                    | <u>85,900.00</u>   |
| Liabilities                          |                    |
| Stock:                               |                    |
| Common .....                         | \$18,500.00        |
| Preferred .....                      | 11,500.00          |
| Total .....                          | <u>30,000.00</u>   |
| Long-term debt:                      |                    |
| Funded debt unmatured .....          | 30,000.00          |
| Current liabilities:                 |                    |
| Loans and bills payable .....        | 14,253.60          |
| Unmatured interest accrued .....     | 900.00             |
| Total .....                          | <u>15,153.60</u>   |
| Appropriated surplus:                |                    |
| Sinking fund reserve .....           | 25,000.00          |
| Total liabilities .....              | <u>100,153.60</u>  |
| Corporate surplus:                   |                    |
| Profit and loss debit balance .....  | 14,253.60          |
| Total—after deducting deficit .....  | <u>85,900.00</u>   |

Investment in Road and Equipment.—The Ticonderoga owns no equipment. The investment in road, including land, on date of valuation, is stated in its books to be \$60,000, of which \$45,000 consists of securities issued. The money value of these securities at the [fol. 68] time of entry upon the books of the Ticonderoga is not known and can not be ascertained. Further details will be found in Appendix 2.



**Original Cost to Date.**—The obtainable data on original cost to date of the common-carrier property of the Ticonderoga, including land, are represented by the foregoing sum shown as the investment in road, namely, \$60,000. In addition to this amount, the records of the carrier show that it has made expenditures for improvements to the property of the Ticonderoga amounting to \$55,833.17, the details of which are shown in Appendix 2.

**Cost of Reproduction New, and Cost of Reproduction Less Depreciation.**—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Ticonderoga and leased to the carrier, are \$90,078 and \$73,090, respectively.

These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets which are a part of Appendix 1.

**Cost of Lands, Rights of Way, and Terminals at the Time of Their Dedication to Public Use, and Present Value of the Same.**—The Ticonderoga owns 11.53 acres of lands, with a present value of \$6,861.80, which are leased to the carrier for common-carrier purposes. The original cost of these lands can not be ascertained.

**Property Held for Purposes Other Than Those of a Common Carrier.**—The Ticonderoga has no property held for noncarrier purposes.

**Aids, Gifts, Grants of Rights of Way, and Donations.**—The Ticonderoga received no aids, gifts, grants of rights of way, or donations.

**Materials and Supplies.**—The Ticonderoga had no materials and supplies on hand on date of valuation.

**Final Value.**—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, as that term is used in the Interstate Commerce Act, of the property of the Ticonderoga, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$82,000.

No other values or elements of value to which specific sums can now be ascribed are found.

No working capital, including material and supplies, is found to be owned or used by the Ticonderoga.

## The Chateaugay and Lake Placid Railway Company

### (The Placid)

**Location and General Description of Property.**—The railroad of The Chateaugay and Lake Placid Railway Company, hereinafter called the Placid, is a single track, standard gauge, steam railroad, [fol. 69] located in the north-central part of New York. The owned mileage extends north and east from Lake Placid to Dannemora, a distance of 63.486 miles. The Placid also owns yard and side tracks totaling 27.228 miles. Its road thus embraces 90.713 miles of all tracks owned.

In Appendix 1 will be found a general description of the property of the Placid.

Jointly Used Property.—The Placid has no jointly owned and used property.

Traffic Connections.—The traffic connections will be found in Appendix 1.

Physical Conditions Affecting Construction.—In Appendix 1 are statements as to the topography, geology and climate, as affecting the construction of the carrier's railroad, which are applicable to the Placid.

Economic Conditions Relating to Traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate History.—The Placid is a corporation of New York, with its principal office at New York City. It was incorporated on July 24, 1903, under an agreement dated July 10, 1903, under the general laws of New York, and is a consolidation of the Chateaugay, the Chateaugay Railway, and the Saranac. Its organization was perfected July 28, 1903.

The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of Corporate Financing, Capital Stock, and Long-term Debt.—The Placid has issued and assumed a total of \$3,794,000 in stocks and in bonds, of which \$3,450,000 in capital stock was outstanding on date of valuation. Of the stock \$450,000 is in common and \$3,000,000 in preferred.

The Placid is controlled by the carrier through ownership of a majority of the outstanding capital stock.

The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Placid, are given in Appendix 2.

Gross and Net Earnings of the Placid.—The result of the corporate operations of the Placid from July 24, 1903, to date of Valuation, is stated in detail in Appendix 2, and is summarized as follows:

|  |              |
|--|--------------|
| Income from lease of road .....  | \$894,928.65 |
| During the same period taxes assessed (railway tax accruals) amounted to ..... | 65,886.98    |
| Resulting in gross income for the period (gross income) of .....               | \$829,041.67 |

[fol. 70] Resulting in that amount being available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income).

Dividends have been paid by the Placid aggregating \$764,068.78.

General Balance Sheet.—The general balance sheet stated by the Placid, as showing its financial condition on date of valuation, follows:

## Assets

## Investments:

|  |                |
|--|----------------|
| Investment in road and equipment ..... | \$3,450,000.00 |
|--|----------------|

## Deferred assets:

|                             |          |
|-----------------------------|----------|
| Other deferred assets ..... | 5,317.11 |
|-----------------------------|----------|

|             |                     |
|-------------|---------------------|
| Total ..... | <u>3,455,317.11</u> |
|-------------|---------------------|

## Liabilities

## Stock:

|                     |                |
|---------------------|----------------|
| Capital stock ..... | \$3,450,000.00 |
|---------------------|----------------|

## Corporate surplus:

|                                      |          |
|--------------------------------------|----------|
| Profit and loss credit balance ..... | 5,317.11 |
|--------------------------------------|----------|

|             |                     |
|-------------|---------------------|
| Total ..... | <u>3,455,317.11</u> |
|-------------|---------------------|

Investment in Road and Equipment.—The Placid owns no equipment. The investment in road, including land, on date of valuation, is stated in its report to us to be \$3,450,000. If certain readjustments were made, as detailed in Appendix 2, this account would be decreased to \$3,382,998.62, of which \$794,000 consists of the par value of securities issued or assumed. The money value of these securities at the time of entry upon the books of the Placid is not known, and cannot be ascertained.

Original Cost to Date.—The original cost to date of the common-carrier property of the Placid cannot be ascertained owing to the inadequacy of the records. The obtainable data on the outlay follows:

## Chateaugay:

|                               |              |
|-------------------------------|--------------|
| Recorded money outlay .....   | \$265,233.62 |
| Short-term notes issued ..... | 1,120.14     |

## Saranac:

|                                       |            |
|---------------------------------------|------------|
| Recorded money outlay .....           | 156,715.60 |
| Capital stock issued, par value ..... | 200,000.00 |

## Placid:

|                             |                     |
|-----------------------------|---------------------|
| Recorded money outlay ..... | <u>2,588,998.63</u> |
|-----------------------------|---------------------|

|   |                  |
|---|------------------|
| Less deductions not assignable specifically to any one or more of the above classes of outlay ..... | <u>18,090.62</u> |
|---|------------------|

## The carrier:

|                             |           |
|-----------------------------|-----------|
| Recorded money outlay ..... | 19,506.01 |
|-----------------------------|-----------|

[fol. 71] The foregoing does not include the outlay made by the Chateaugay Railway in creating and improving its property to date of acquisition by the Placid, as there were no obtainable accounting records. The annual report of the Board of Railroad Commissioners of the state of New York for year ended June 30, 1903, includes the reported outlay as follows:

Chateaugay Railway:

|                                       |           |
|---------------------------------------|-----------|
| Capital stock issued, par value ..... | \$168,000 |
| Funded debt issued, par value .....   | 200,000   |

Cost of Reproduction New and Cost of Reproduction Less Depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Placid and leased to the carrier, are \$2,786,284 and \$2,379,529, respectively.

These amounts classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheet which is a part of Appendix 1.

Cost of Lands, Rights of Way, and Terminals at the Time of Their Dedication to Public Use, and Present Value of the Same.—The Placid owns 945.41 acres of land, with a present value of \$101,948.01, which are leased to the carrier for common-carrier purposes. The total original cost of these lands cannot be ascertained, as the accounting records are not obtainable. Data respecting original cost will be found in Appendix 2.

Property Held for Purposes Other Than Those of a Common Carrier.—The Placid owns 138.26 acres of lands devoted to non-carrier purposes with a present value, including the value of improvements thereon, of \$6,171.50. The total original cost of these lands cannot be ascertained. The obtainable costs will be found in Appendix 2.

On lands leased to the carrier for common-carrier purposes are noncarrier structures with a present value of \$500.

Aids, Gifts, Grants of Rights of Way, and Donations.—The Placid owns the following carrier and noncarrier lands, which it acquired through aids, the title to these lands being conveyed by deeds reciting nominal or no considerations:

| Classification                                | Acres  | Present value |
|---|--------|---------------|
| Wholly owned and leased to the carrier .....  | 151.32 | \$2,905.00    |
| Wholly owned but held for noncarrier purposes | 44.84  | 224.20        |

The foregoing totals are included in the preceding summaries of the present value of lands owned by the Placid. The value of these lands at the time acquired cannot be determined.

[fol. 72] Materials and Supplies.—The Placid had no materials and supplies on hand on date of valuation.

Final Value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value,

and all other matters which appear to have a bearing upon the value here reported, the value, as that term is used in the Interstate Commerce Act, of the property of the Placid, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$2,550,000.

No other values or elements of value to which specific sums can now be ascribed are found.

No working capital, including material and supplies, is found to be owned or used by the Placid.

### The Plattsburgh and Dannemora Railroad

#### (The Dannemora)

**Location and General Description of Property.**—The railroad of the Plattsburgh and Dannemora Railroad, hereinafter called the Dannemora, is a single track, standard gauge, steam railroad located in the northeastern part of New York. The owned mileage extends eastwardly from Dannemora to Bluff Point, a distance of 16,336 miles. The Dannemora also owns yard and side tracks totaling 7,969 miles. Its road thus embraces 24,305 miles of all tracks owned.

In Appendix 1 will be found a general description of the property of the Dannemora.

**Jointly Used Property.**—The Dannemora has no jointly owned and used property.

**Traffic Connections.**—The traffic connections will be found in Appendix 1.

**Physical Conditions Affecting Construction.**—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of carrier's railroad, which are applicable to the Dannemora.

**Economic Conditions Relating to Traffic.**—Information with respect to this subject will be found in Appendix 1.

**Corporate History.**—The Dannemora was constructed by the state of New York from Dannemora to Bluff Point under a special act of New York passed April 19, 1878 (Vide Laws of New York for 1878, Chapter 148). This act authorized the Superintendent of State Prisons to construct a narrow gauge railroad from a point near the Clinton state prison at Dannemora, in the county of Clinton, to a point in the town of Plattsburgh in the same county. The purpose of the act was to secure to the state of New York "direct railroad communications between the Clinton prison and the waters of Lake Champlain, and with the existing railroads terminating at or passing through the village of Plattsburgh, for the purpose of reducing the [fol. 73] cost of transportation to and from said prison and securing an increased compensation to the state from the labor of the convicts confined in said prison."

The Dannemora is not an incorporated company, and has never had any organization or principal office other than that given it by the state of New York through its offices. The railroad was operated from date of completion to January 1, 1903, by the Chateaugay Railroad, since which time it has been operated by the carrier.

**History of Corporate Financing, Capital Stock, and Long-term Debt.**—The Dannemora has issued no capital securities. The construction of its railroad has been made possible through appropriations made by the state of New York. The original act of 1878, authorized \$80,000 for construction purposes. This amount was increased by subsequent acts of 1879, to \$192,865.34, of which amount \$183,035.98 has been recorded as expended, leaving an unexpended balance of \$9,829.36.

**Gross and Net Earnings of the Dannemora.**—The Dannemora has no income or profit and loss account, as the results of operations have been merged in the accounts of the carrier.

**General Balance Sheet.**—No records are obtainable from which to submit a general balance sheet statement.

**Investment in Road and Equipment.**—The investment in road and equipment account of the Dannemora, as recorded in the accounts of the Auditor of Prison Accounts, Comptroller's office, state of New York, on date of valuation, is stated to be \$183,035.98, consisting wholly of cash expenditures made for the purpose of constructing and operating the railroad. The details of this amount will be found in Appendix 2.

**Original Cost to Date.**—The original cost to date of the common-carrier property of the Dannemora can not be ascertained owing to the inadequacy of the records. Data found in the records of the state of New York give the outlay for creating the original road, exclusive of equipment, as \$149,486, consisting wholly of money outlay, which does not, however, include subsequent additions and betterments to the property. The foregoing may include the cost of lands classified by us as noncarrier and as partly carrier and partly noncarrier.

**Cost of Reproduction New and Cost of Reproduction Less Depreciation.**—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Dannemora and leased to the carrier, are \$570,274 and \$478,158, respectively.

These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets which are a part of Appendix 1.

**Cost of Lands, Rights of Way, and Terminals at the Time of Their Dedication to Public Use, and Present Value of the Same.**—The Dannemora owns 157.74 acres of lands, with a present value of \$4,141.05, which are leased to the carrier for common-carrier purposes. The total original cost of these lands can not be ascertained, as the accounting records are not obtainable. Information respecting original cost will be found in Appendix 2.

[fol. 74] **Property Held for Purposes Other than Those of a Common Carrier.**—The Dannemora owns 17.66 acres of lands classified as noncarrier, with a present value, including the value of improvements thereon, of \$496. The original cost of these lands can not be ascertained. Information respecting original cost will be found in Appendix 2.

**Aids, Gifts, Grants of Rights of Way, and Donations.**—Of the noncarrier lands owned by the Dannemora, 1.66 acres, with a present value of \$8.30, were acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. The value of this land at the time acquired can not be ascertained.

**Materials and Supplies.**—The Dannemora had no materials and supplies on hand on date of valuation.

**Final Value.**—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, as that term is used in the Interstate Commerce Act, of the property of the Dannemora, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$500,000.

No other values or elements of value to which specific sums can now be ascribed are found.

No working capital, including material and supplies, is found to be owned or used by the Dannemora.

### In General

With respect to each of the foregoing carriers embraced in this proceeding, in addition to the other matters stated, the following paragraphs apply as a part of each of the respective tentative valuations:

**Appendices.**—Attached hereto and made a part hereof are Appendices 1, 2 and 3. Appendix 1 gives the explanatory text and summary sheets showing the classification of the cost of reproduction new and cost of reproduction less depreciation above set forth, in conformity with the classification of expenditures for road and equipment prescribed by us.

Appendix 2 shows further details as to the development of fixed physical property, history of capital financing, result of corporate operations, investment in road and equipment, original cost to date, miscellaneous physical property, investments in other companies, and leased railway property, with respect to the carrier and the affiliated companies under valuation; excepting those features treated in the text of the report.

Appendix 3 is a statement of the method of determining working capital.

Reference is made to Appendix 3 of the report in Texas Midland Railroad, 1 Val. Rep. 1, 108, which is hereby made a part hereof, for a statement of the methods employed and of the reasons for the differences between the various cost values reported.

[fol. 75] The engineering, land and accounting reports, copies of which have been furnished to interested parties, give the details respecting the figures here reported and are on file in the Bureau of Valuation of the Commission, open to public inspection, and subject to the direction of Congress, and these reports are referred to for greater particularity as to the matters herein stated.

By the Commission, Division 1.

George B. McGinty, Secretary. (Seal.)

[fol. 76]

## APPENDIX 1

## Explanatory Text

## The Carrier and Leased Lines

## Topography, Geology and Climate

**Topography.**—The lines in Pennsylvania and the northern branches in New York state, extending westerly into the Adirondack Mountains, traverse rough and mountainous sections. The remainder, and by far the larger part of the road is situated in a rolling and hilly country. The very northern part of the system lies upon a water-shed draining northerly into the St. Lawrence River. The remaining parts are situated on a water-shed whose principal streams flow in a southwardly direction. The railroad reaches tidewater at Albany, N. Y., on the Hudson River. Its greatest altitude is about 1,900 feet, at Lake Placid, N. Y. The northern part of the main line follows the shores of Lake Champlain, while the central and southern portions generally cut across the large drainage systems.

**Geology.**—The territory covered by the road is generally typical of areas at one time glaciated. The soil consists principally of loam, sand, gravel and clay, with boulders scattered more or less freely through the glacial deposits. The ledge rock is usually rather hard, and is composed of many different kinds of materials. Sandstone is more or less prevalent throughout the entire territory. Granite and limestone are prevalent generally in the central and northern sections, and shale and slate in the central and southern sections.

**Climate.**—The temperature ranges from 100 degrees above to 40 degrees below zero. The normal annual rainfall is 35 to 41 inches; the average length of the crop growing season, 140 to 155 days. The higher temperature and the higher values for the annual precipitation and length of crop growing season prevail in the southern parts of the region and decrease toward the north. The winters of the northern parts are rather long and severe.

## Economic Conditions Relating to Traffic

The railroad is, in Pennsylvania, entirely situated among extensively worked anthracite coal fields, constituting one of the most important industrial regions reached by the carrier. At and in the vicinities of the cities of Albany, Schenectady and Troy, are located many and various manufacturing plants, some of which are quite large and important. In addition, small industries are scattered, rather thinly, along the remainder of the road. Stone quarries producing sandstone, limestone, granite and marble are more or less prevalent in the state of New York, and in the vicinity of Lake Champlain there are a number of iron ore mines. The principal industrial products are coal, clothing, electrical appliances, and the products of the stone quarries.



### Characteristics of Road

The ruling grades vary from 0.30 of 1 per cent to 3 per cent. The maximum curvature is 16 degrees.

[fol. 77]

### Traffic Connections

The carrier has direct connection with other railroads as follows:

| Name of carrier  | Point of connection   |
|--|---|
| Boston and Maine Railroad . . . . .                                    | Eagle Bridge, Mechanicsville, and Troy, N. Y.   |
| The Central Railroad Company of New Jersey . . . . .                   | Wilkes-Barre and Minooks Junction, Penn.  |
| Central Vermont Railway Company . . . . .                              | Rouses Point, N. Y.   |
| Clarendon & Pittsford Railroad Company . . . . .                       | Central Rutland and West Rutland, Vt.   |
| Cooperstown . . . . .  | Cooperstown Junction, N. Y.   |
| The Delaware, Lackawanna & Western Railroad Company . . . . .          | Binghamton, N. Y., Plymouth Junction, and Scranton, Penn.   |
| Erie Railroad Company . . . . .  | Binghamton, N. Y., Carbondale, Honesdale, Jefferson Junction and Scranton, Penn.                              |
| The Grand Trunk Railway Company of Canada . . . . .                    | Moor's Junction and Rouses Point, N. Y.   |
| Greenwich & Johnsonville Railway Company . . . . .                     | Greenwich Junction, N. Y.   |
| Keesville, Ausable Chasm and Lake Champlain Railroad Company . . . . . | Port Kent, N. Y.  |
| Lake Champlain and Moriah Railroad Company . . . . .                   | Port Henry, N. Y.   |
| Lehigh Valley Railroad Company . . . . .                               | Owego, N. Y., and Wilkes-Barre, Penn.   |
| Napierville Junction Railway Company . . . . .                         | Rouses Point, N. Y.   |
| The New York Central Railroad Company . . . . .                        | Albany, Green Island, Loon Lake, Saranac Lake, Schenectady, South Schenectady, Troy, and Voorheesville, N. Y. |
| New York, Ontario and Western Railway Company . . . . .                | Sidney, N. Y., Carbondale and Jermyn, Penn.   |

| Name of carrier                                       | Point of connection   |
|---|---|
| New York, Susquehanna and Western Railroad Company... | Yatesville, Penn.   |
| The Pennsylvania Railroad Company .....               | Buttonwood and Wilkes-Barre, Penn.  |
| Quebec, Montreal and Southern Railway .....           | Rouses Point, N. Y.   |
| Rutland Railroad Company.....                         | Fort Ticonderoga, Mooer's Junction, Rouses Point, N. Y., and Rutland, Vt. |
| Schoharie Valley Railroad.....                        | Schoharie Junction, N. Y.   |
| The Troy Union Railroad Company .....                 | Troy, N. Y.   |
| The Ulster & Delaware Railroad Company .....          | Oneonta, N. Y.  |
| Wilkes-Barre Connecting Railroad Company .....        | Plymouth Junction, at Wilkes-Barre, Penn.                                 |

[fol. 78]

## Equipment

The carrier owns and uses, and owns but does not use, the following units of equipment:

## Wholly owned and used:

|                            | Units         |
|----------------------------|---------------|
| Steam locomotives .....    | 472           |
| Freight-train cars .....   | 18,838        |
| Passenger-train cars ..... | 462           |
| Work equipment .....       | 501           |
| Total .....                | <u>20,273</u> |

Owned but not used; leased to Carolina, Clinchfield and Ohio Railway:

|                           |   |
|---------------------------|---|
| Passenger-train car ..... | 1 |
|---------------------------|---|

## Engineering and General Expenditures

Engineering has been estimated at the percentages stated on accounts 3 to 47, inclusive, as follows:

Property owned by the carrier, the Albany, and the Northern, 4.25 per cent.

Property owned by the Rensselaer, the Saratoga, the Ruthall, the Vermont, the Placid, the Dannemora, and the Ticonderoga, 4.5 per cent.

General expenditures, exclusive of interest, have been estimated on the basis of  $1\frac{1}{2}$  per cent upon road accounts 1 to 47, exclusive of account 2. Interest during construction has been estimated for

one-half the construction period, excepting where the construction period is less than six months in which case the construction period has been used, plus three months, at the rate of 6 per cent per annum on all road and general expenditure accounts, excepting accounts 2 and 76, and for three months on all equipment accounts.

Construction Period.—It is estimated that the various sections of the properties involved in this proceeding could be constructed as follows:

|                   | Months |
|-------------------|--------|
| Carrier .....     | 3-36   |
| Albany .....      | 32     |
| Rensselaer .....  | 18-24  |
| Saratoga .....    | 24     |
| Ruthall .....     | 18     |
| Vermont .....     | 24     |
| Northern .....    | 30     |
| Placid .....      | 20     |
| Dannemora .....   | 20     |
| Ticonderoga ..... | 6      |

### Summaries

#### The Carrier

Wholly Owned and Used, Including Carrier's Portion of Jointly Owned Minor Facilities

[fol. 79]

#### All Sections

[fol. 79]

All Sections

Cost of reproduction

Acct.

Classes

New

Less depreciation

I. Road:

1 Engineering ..... \$1,110,233 \$1,110,233

3 Grading ..... 9,547,451 9,439,110

5 Tunnels and subways ..... 79,507 73,021

6 Bridges, trestles, and culverts..... 2,606,989 2,013,342

8 Ties ..... 1,503,422 751,709

9 Rails ..... 2,172,097 1,882,867

10 Other track material ..... 607,642 417,028

11 Ballast ..... 963,765 650,150

12 Track laying and surfacing ..... 1,293,103 913,404

13 Right-of-way fences ..... 219,992 110,637

14 Snow and sand fences and snowsheds ..... 1,677 838

15 Crossings and signs ..... 318,971 239,461

16 Station and office buildings ..... 1,944,796 1,538,322

17 Roadway buildings..... 92,327 44,501

18 Water stations ..... 151,094 98,552

19 Fuel stations ..... 135,885 94,353

20 Shops and engine houses ..... 2,054,783 1,626,581

## All Sections—Continued

| Acct.  | Classes                             | Cost of reproduction |                   |
|--|-------------------------------------|----------------------|-------------------|
|  |                                     | New                  | Less depreciation |
| 23   | Wharves and docks .....             | 49,656               | 36,788            |
| 24   | Coal and ore Wharves .....          | 6,884                | 3,901             |
| 25   | Gas producing plants .....          | 3,348                | 3,024             |
| 26   | Telegraph and telephone lines ....  | 88,436               | 58,523            |
| 27   | Signals and interlockers .....      | 464,660              | 347,871           |
| 29   | Power plant buildings .....         | 72,218               | 62,040            |
| 31   | Power transmission systems .....    | 5,750                | 5,060             |
| 32   | Power distribution systems .....    | 148,560              | 136,935           |
| 33   | Power line poles and fixtures ..... | 4,525                | 3,895             |
| 36   | Paving .....                        | 7,038                | 4,208             |
| 37   | Roadway machines .....              | 43,139               | 29,060            |
| 38   | Roadway small tools .....           | 13,638               | 6,820             |
| 43   | Other expenditures-Road .....       | 16,865               | 16,191            |
| 44   | Shop machinery .....                | 1,342,814            | 916,657           |
| 45   | Power plant machinery .....         | 162,082              | 128,422           |
| Total, 1, and 3 to 47, inclusive             |                                     | 27,233,347           | 22,763,504        |
| II. Equipment:                               |                                     |                      |                   |
| 51   | Steam locomotives .....             | 8,020,810            | 5,177,911         |
| 53   | Freight-train cars .....            | 16,951,852           | 11,212,868        |
| 54   | Passenger-train cars .....          | 2,407,860            | 1,146,064         |
| 57   | Work equipment .....                | 651,253              | 399,869           |
| Total, 51 to 58, inclusive...                |                                     | 28,031,775           | 17,936,712        |
| III. General Expenditures:                   |                                     |                      |                   |
| 71   | Organization expenses .....         | 408,256              | 340,185           |
| 72   | General officers and clerks .....   |                      |                   |
| 73   | Law .....                           |                      |                   |
| [fol. 80]                                    | Stationery and printing .....       |                      |                   |
| 74   | Taxes .....                         |                      |                   |
| 75   | Other expenditures-General .....    | 2,759,332            | 2,208,986         |
| 77   | Interest during construction .....  |                      |                   |
| 76   |                                     |                      |                   |
| Total, 71 to 77, inclusive ..                |                                     | 3,167,588            | 2,549,171         |
| Grand total, 1, and 3 to 77, inclusive ..... |                                     | 58,432,710           | 43,249,387        |

Wholly Owned and Used, Including Carrier's Portion of Jointly  
Owned Minor Facilities

In New York

| Acct.                            | Classes                                  | Cost of reproduction |                   |
|----------------------------------|--|----------------------|-------------------|
|                                  |  | New                  | Less depreciation |
| I. Road:                         |  |                      |                   |
| 1                                | Engineering .....                        | \$845,500            | \$845,500         |
| 3                                | Grading .....                            | 7,832,233            | 7,778,492         |
| 5                                | Tunnels and subways .....                | 79,507               | 73,021            |
| 6                                | Bridges, trestles, and culverts.....     | 1,958,743            | 1,497,170         |
| 8                                | Ties .....                               | 1,040,142            | 520,069           |
| 9                                | Rails .....                              | 1,507,931            | 1,310,374         |
| 10                               | Other track material .....               | 392,194              | 274,946           |
| 11                               | Ballast .....                            | 747,342              | 520,296           |
| 12                               | Track laying and surfacing .....         | 940,640              | 670,205           |
| 13                               | Right-of-way fences .....                | 206,314              | 104,401           |
| 14                               | Snow and sand fences and snowsheds ..... | 489                  | 244               |
| 15                               | Crossings and signs .....                | 234,525              | 178,734           |
| 16                               | Station and office buildings .....       | 1,397,551            | 1,153,780         |
| 17                               | Roadway buildings.....                   | 55,369               | 27,150            |
| 18                               | Water stations .....                     | 80,015               | 49,883            |
| 19                               | Fuel stations .....                      | 92,293               | 70,227            |
| 20                               | Shops and engine houses .....            | 1,331,952            | 1,137,111         |
| 23                               | Wharves and docks .....                  | 49,656               | 36,788            |
| 24                               | Coal and ore Wharves .....               | 6,884                | 3,901             |
| 25                               | Gas producing plants .....               | 3,348                | 3,024             |
| 26                               | Telegraph and telephone lines ....       | 46,009               | 31,197            |
| 27                               | Signals and interlockers .....           | 364,702              | 273,737           |
| 29                               | Power plant buildings .....              | 40,806               | 36,292            |
| 31                               | Power transmission systems .....         | 795                  | 775               |
| 32                               | Power distribution systems .....         | 137,640              | 129,030           |
| 33                               | Power line poles and fixtures ....       | 2,460                | 2,240             |
| 36                               | Paving .....                             | 7,038                | 4,208             |
| 37                               | Roadway machines .....                   | 37,923               | 25,542            |
| 38                               | Roadway small tools .....                | 10,309               | 5,155             |
| 43                               | Other expenditures-Road .....            | 16,865               | 16,191            |
| 44                               | Shop machinery .....                     | 1,156,758            | 802,013           |
| 45                               | Power plant machinery .....              | 115,683              | 96,118            |
| Total, 1, and 3 to 47, inclusive |  | 20,739,616           | 17,677,814        |

| Acct.     | Classes                                      | Cost of reproduction |                   |
|-----------|--|----------------------|-------------------|
|           |  | New                  | Less depreciation |
| [fol. 81] | III. General expenditures:                   |                      |                   |
| 71        | Organization expenses .....                  | 311,094              | 264,430           |
| 72        | General officers and clerks .....            |                      |                   |
| 73        | Law .....                                    |                      |                   |
| 74        | Stationery and printing .....                |                      |                   |
| 75        | Taxes .....                                  |                      |                   |
| 77        | Other expenditures-General .....             | 1,652,311            | 1,404,464         |
| 76        | Interest during construction .....           |                      |                   |
|           | Total, 71 to 77, inclusive ..                | 1,963,405            | 1,668,894         |
|           | Grand total, 1, and 3 to 77, inclusive ..... | 22,703,021           | 19,346,708        |

Wholly Owned and Used, Including Carrier's Portion of Jointly Owned Minor Facilities

In Pennsylvania

I. Road:

|                                  |  |           |           |
|----------------------------------|--|-----------|-----------|
| 1                                | Engineering .....                        | \$262,930 | \$262,930 |
| 3                                | Grading .....                            | 1,715,218 | 1,660,618 |
| 6                                | Bridges, trestles, and culverts .....    | 648,246   | 516,172   |
| 8                                | Ties .....                               | 463,280   | 231,640   |
| 9                                | Rails .....                              | 664,166   | 572,493   |
| 10                               | Other track material .....               | 215,448   | 142,082   |
| 11                               | Ballast .....                            | 216,423   | 129,854   |
| 12                               | Track laying and surfacing .....         | 352,463   | 243,199   |
| 13                               | Right-of-way fences .....                | 13,678    | 6,236     |
| 14                               | Snow and sand fences and snowsheds ..... | 1,188     | 594       |
| 15                               | Crossings and signs .....                | 84,446    | 60,727    |
| 16                               | Station and office buildings .....       | 509,301   | 356,084   |
| 17                               | Roadway buildings .....                  | 36,958    | 17,351    |
| 18                               | Water stations .....                     | 71,079    | 48,669    |
| 19                               | Fuel stations .....                      | 43,592    | 24,126    |
| 20                               | Shops and engine houses .....            | 722,831   | 489,470   |
| 26                               | Telegraph and telephone lines .....      | 42,427    | 27,326    |
| 27                               | Signals and interlockers .....           | 99,958    | 74,134    |
| 29                               | Power plant buildings .....              | 31,412    | 25,748    |
| 31                               | Power transmission systems .....         | 4,955     | 4,285     |
| 32                               | Power distribution systems .....         | 10,920    | 7,905     |
| 33                               | Power line poles and fixtures .....      | 2,065     | 1,655     |
| 37                               | Roadway machines .....                   | 3,651     | 2,500     |
| 38                               | Roadway small tools .....                | 3,329     | 1,665     |
| 44                               | Shop machinery .....                     | 183,160   | 113,535   |
| 45                               | Power plant machinery .....              | 46,399    | 32,304    |
| Total, 1, and 3 to 47, inclusive |  | 6,449,523 | 5,053,302 |

| Acct.  | Classes                            | Cost of reproduction |                   |
|--|------------------------------------|----------------------|-------------------|
|  |                                    | New                  | Less depreciation |
| [fol. 82] III. General expenditures:         |                                    |                      |                   |
| 71   | Organization expenses .....        | 96,499               | 75,269            |
| 72   | General officers and clerks .....  |                      |                   |
| 73   | Law .....                          |                      |                   |
| 74   | Stationery and printing .....      |                      |                   |
| 75   | Taxes .....                        |                      |                   |
| 77   | Other expenditures-General .....   | 685,871              | 534,923           |
| 76   | Interest during construction ..... |                      |                   |
| Total, 71 to 77, inclusive ..                |                                    | 782,370              | 610,192           |
| Grand total, 1, and 3 to 77, inclusive ..... |                                    | 7,231,893            | 5,663,494         |

## Wholly Owned and Used

## In Vermont

## I. Road:

|                                  |                        |       |       |
|----------------------------------|------------------------|-------|-------|
| 1                                | Engineering .....      | \$190 | \$190 |
| 37                               | Roadway machines ..... | 1,565 | 1,018 |
| 44                               | Shop machinery .....   | 2,896 | 1,109 |
| Total, 1, and 3 to 47, inclusive |                        | 4,651 | 2,317 |

## III. General Expenditures:

|  |                                    |       |       |
|--|------------------------------------|-------|-------|
| 71   | Organization expenses .....        | 70    | 35    |
| 72   | General officers and clerks .....  |       |       |
| 73   | Law .....                          |       |       |
| 74   | Stationery and printing .....      |       |       |
| 75   | Taxes .....                        |       |       |
| 77   | Other expenditures-General .....   | 71    | 36    |
| 76   | Interest during construction ..... |       |       |
| Total, 71 to 77, inclusive ..                |                                    | 141   | 71    |
| Grand total, 1, and 3 to 77, inclusive ..... |                                    | 4,792 | 2,388 |

## [fol. 83] Not Allocated to States

## I. Road:

|                                  |                                    |         |         |
|----------------------------------|------------------------------------|---------|---------|
| 1                                | Engineering .....                  | \$1,613 | \$1,613 |
| 16                               | Station and office buildings ..... | 37,944  | 28,458  |
| Total, 1, and 3 to 47, inclusive |                                    | 39,557  | 30,071  |

| Acct.   | Classes                            | Cost of reproduction |                   |
|---|------------------------------------|----------------------|-------------------|
|   |                                    | New                  | Less depreciation |
| II. Equipment:  |                                    |                      |                   |
| 51  | Steam locomotives .....            | 8,020,810            | 5,177,911         |
| 53  | Freight-train cars .....           | 16,951,852           | 11,212,868        |
| 54  | Passenger-train cars .....         | 2,407,860            | 1,146,064         |
| 57  | Work equipment .....               | 651,253              | 399,869           |
| Total, 51 to 58, inclusive...   |                                    | 28,031,775           | 17,936,712        |
| III. General Expenditures:  |                                    |                      |                   |
| 71  | Organization expenses .....        | 593                  | 451               |
| 72  | General officers and clerks .....  |                      |                   |
| 73  | Law .....                          |                      |                   |
| 74  | Stationery and printing .....      |                      |                   |
| 75  | Taxes .....                        |                      |                   |
| 77  | Other expenditures-General .....   | 421,079              | 269,563           |
| 76  | Interest during construction ..... |                      |                   |
| Total, 71 to 77, inclusive ..   |                                    | 421,672              | 270,014           |
| Grand total, 1, and 3 to 77, inclusive .....                              |                                    | 28,493,004           | 18,236,797        |
| Wholly Owned but not Used; Leased to the Champlain Transportation Company |                                    |                      |                   |
| In New York   |                                    |                      |                   |
| I. Road:  |                                    |                      |                   |
| 1   | Engineering .....                  | \$428                | \$428             |
| 16  | Station and office buildings ..... | 1,595                | 1,017             |
| 23  | Wharves and docks .....            | 8,506                | 4,630             |
| Total, 1, and 3 to 47, inclusive  |                                    | 10,529               | 6,075             |
| III. General Expenditures:  |                                    |                      |                   |
| 71  | Organization expenses .....        | 158                  | 92                |
| 72  | General officers and clerks .....  |                      |                   |
| [fol. 84]   | Law .....                          |                      |                   |
| 74  | Stationery and printing .....      |                      |                   |
| 75  | Taxes .....                        |                      |                   |
| 77  | Other expenditures-General .....   | 160                  | 93                |
| 76  | Interest during construction ..... |                      |                   |
| Total, 71 to 77, inclusive ..   |                                    | 318                  | 185               |
| Grand total, 1, and 3 to 77, inclusive .....                              |                                    | 10,847               | 6,260             |



# Wholly Owned but not Used; Leased to Carolina, Clinchfield and Ohio Railway

## Not Allocated to States

| Acct.                      | Classes  | Cost of reproduction |                   |
|----------------------------|--|----------------------|-------------------|
|                            |  | New                  | Less depreciation |
| II. Equipment:             |  |                      |                   |
| 54                         | Passenger-train cars . . . . .                   | \$25,170             | \$21,546          |
|                            | Total, 51 to 58, inclusive . . .                 | <u>25,170</u>        | <u>21,546</u>     |
| III. General Expenditures: |  |                      |                   |
| 76                         | Interest during construction . . . . .           | 378                  | 325               |
|                            | Total, 71 to 77, inclusive . .                   | <u>378</u>           | <u>325</u>        |
|                            | Grand total, 1, and 3 to 77, inclusive . . . . . | 25,548               | 21,871            |

# Used but not Owned, Including the Albany's Portion of Jointly Owned Minor Facilities; Leased from the Albany

## In New York

### I. Road:

|             |                                      |           |           |
|-------------|--------------------------------------|-----------|-----------|
| 1           | Engineering .....                    | \$544,087 | \$544,087 |
| 3           | Grading .....                        | 3,540,639 | 3,522,806 |
| 5           | Tunnels and subways .....            | 235,845   | 213,577   |
| 6           | Bridges, trestles, and culverts..... | 1,627,585 | 1,282,163 |
| [ fol. 85 ] |                                      |           |           |
| 8           | Ties .....                           | 940,150   | 470,075   |
| 9           | Rails .....                          | 1,551,130 | 1,370,240 |
| 10          | Other track material .....           | 399,283   | 277,914   |
| 11          | Ballast .....                        | 569,854   | 367,910   |
| 12          | Track laying and surfacing .....     | 774,717   | 557,796   |
| 13          | Right-of-way fences .....            | 92,011    | 35,408    |
| 14          | Snow and sand fences and snowsheds   | 1,673     | 836       |
| 15          | Crossings and signs .....            | 227,500   | 176,051   |
| 16          | Station and office buildings .....   | 693,675   | 406,470   |
| 17          | Roadway buildings.....               | 84,705    | 37,977    |
| 18          | Water stations .....                 | 118,375   | 80,053    |
| 19          | Fuel stations .....                  | 156,269   | 89,237    |
| 20          | Shops and engine houses .....        | 1,043,830 | 705,525   |
| 24          | Coal and ore Wharves .....           | 162,592   | 103,353   |
| 26          | Telegraph and telephone lines ....   | 76,459    | 42,204    |
| 27          | Signals and interlockers .....       | 365,624   | 272,065   |

## In New York—Continued

| Acct.  | Classes                             | Cost of reproduction |                   |
|--|-------------------------------------|----------------------|-------------------|
|  |                                     | New                  | Less depreciation |
| 29   | Power plant buildings .....         | 32,775               | 26,218            |
| 31   | Power transmission systems .....    | 3,350                | 2,950             |
| 32   | Power distribution systems .....    | 13,300               | 8,810             |
| 33   | Power line poles and fixtures ..... | 2,285                | 1,375             |
| 36   | Paving .....                        | 13,528               | 7,382             |
| 38   | Roadway small tools .....           | 5,597                | 2,799             |
| 45   | Power plant machinery .....         | 69,304               | 51,582            |
| Total, 1, and 3 to 47, inclusive             |                                     | 13,346,142           | 10,656,863        |
| III. General Expenditures:                   |                                     |                      |                   |
| 71   | Organization expenses .....         | 200,192              | 160,154           |
| 72   | General officers and clerks .....   |                      |                   |
| 73   | Law .....                           |                      |                   |
| 74   | Stationery and printing .....       |                      |                   |
| 75   | Taxes .....                         |                      |                   |
| 77   | Other expenditures-General .....    | 1,286,902            | 1,029,522         |
| 76   | Interest during construction .....  |                      |                   |
| Total, 71 to 77, inclusive ..                |                                     | 1,487,094            | 1,189,676         |
| Grand total, 1, and 3 to 77, inclusive ..... |                                     | 14,833,236           | 11,846,539        |

Used but not Owned, Including the Rensselaer's Portion of Jointly Owned Minor Facilities; Leased from the Rensselaer

## All Sections

## I. Road:

|           |                                       |           |           |
|-----------|---------------------------------------|-----------|-----------|
| 1         | Engineering .....                     | \$420,417 | \$420,417 |
| [fol. 86] |                                       |           |           |
| 3         | Grading .....                         | 2,625,371 | 2,612,594 |
| 5         | Tunnels and subways .....             | 109,949   | 85,131    |
| 6         | Bridges, trestles, and culverts ..... | 1,563,596 | 1,131,105 |
| 8         | Ties .....                            | 741,005   | 370,503   |
| 9         | Rails .....                           | 1,109,607 | 953,469   |
| 10        | Other track material .....            | 280,621   | 187,060   |
| 11        | Ballast .....                         | 542,500   | 397,609   |
| 12        | Track laying and surfacing .....      | 648,658   | 463,079   |
| 13        | Right-of-way fences .....             | 84,062    | 38,770    |
| 15        | Crossings and signs .....             | 132,634   | 97,357    |

## All Sections—Continued

| Acct.  | Classes                             | Cost of reproduction |                   |
|--|-------------------------------------|----------------------|-------------------|
|  |                                     | New                  | Less depreciation |
| 16   | Station and office buildings .....  | 535,337              | 345,400           |
| 17   | Roadway buildings .....             | 67,660               | 32,695            |
| 18   | Water stations .....                | 61,698               | 39,990            |
| 19   | Fuel stations .....                 | 28,387               | 24,526            |
| 20   | Shops and engine houses .....       | 504,115              | 264,803           |
| 23   | Wharves and docks .....             | 20,883               | 14,733            |
| 24   | Coal and ore Wharves .....          | 55,045               | 25,672            |
| 26   | Telegraph and telephone lines ....  | 37,437               | 25,802            |
| 27   | Signals and interlockers .....      | 179,697              | 135,404           |
| 31   | Power transmission systems .....    | 1,360                | 1,310             |
| 32   | Power distribution systems .....    | 4,765                | 4,160             |
| 33   | Power line poles and fixtures ..... | 1,195                | 910               |
| 36   | Paving .....                        | 1,450                | 725               |
| 38   | Roadway small tools .....           | 4,454                | 2,228             |
| 46   | Power substation apparatus .....    | 1,115                | 900               |
| Total, 1, and 3 to 47, inclusive             |                                     | 9,763,018            | 7,676,353         |
| III. General Expenditures:                   |                                     |                      |                   |
| 71   | Organization expenses .....         | 146,446              | 115,692           |
| 72   | General officers and clerks .....   |                      |                   |
| 73   | Law .....                           |                      |                   |
| 74   | Stationery and printing .....       |                      |                   |
| 75   | Taxes .....                         |                      |                   |
| 77   | Other expenditures-General .....    | 725,715              | 573,315           |
| 76   | Interest during construction .....  |                      |                   |
| Total, 71 to 77, inclusive ..                |                                     | 872,161              | 689,007           |
| Grand total, 1, and 3 to 77, inclusive ..... |                                     | 10,635,179           | 8,365,362         |

Used but not Owned, Including the Rensselaer's Portion of Jointly Owned Minor Facilities; Leased from the Rensselaer

[fol. 87]

### In New York

| Acct.                                  | Classes                               | Cost of reproduction |                   |
|--|---------------------------------------|----------------------|-------------------|
|  |                                       | New                  | Less depreciation |
| I. Road:                               |                                       |                      |                   |
| 1                                      | Engineering .....                     | \$370,934            | \$370,934         |
| 3                                      | Grading .....                         | 2,265,536            | 2,253,446         |
| 5                                      | Tunnels and subways .....             | 109,949              | 85,134            |
| 6                                      | Bridges, trestles, and culverts ..... | 1,407,441            | 1,019,669         |
| 8                                      | Ties .....                            | 635,895              | 317,948           |
| 9                                      | Rails .....                           | 983,367              | 848,488           |
| 10                                     | Other track material .....            | 249,043              | 165,578           |
| 11                                     | Ballast .....                         | 465,183              | 344,049           |
| 12                                     | Track laying and surfacing .....      | 549,795              | 395,852           |
| 13                                     | Right-of-way fences .....             | 61,697               | 27,659            |
| 15                                     | Crossings and signs .....             | 106,766              | 77,800            |
| 16                                     | Station and office buildings .....    | 475,053              | 303,248           |
| 17                                     | Roadway buildings .....               | 61,685               | 30,434            |
| 18                                     | Water stations .....                  | 50,479               | 34,203            |
| 19                                     | Fuel stations .....                   | 28,387               | 24,526            |
| 20                                     | Shops and engine houses .....         | 488,721              | 258,574           |
| 23                                     | Wharves and docks .....               | 20,883               | 14,733            |
| 24                                     | Coal and ore Wharves .....            | 55,045               | 25,672            |
| 26                                     | Telegraph and telephone lines .....   | 36,193               | 24,785            |
| 27                                     | Signals and interlockers .....        | 178,133              | 134,262           |
| 31                                     | Power transmission systems .....      | 1,360                | 1,310             |
| 32                                     | Power distribution systems .....      | 4,765                | 4,169             |
| 33                                     | Power line poles and fixtures .....   | 1,195                | 910               |
| 36                                     | Paving .....                          | 1,450                | 725               |
| 38                                     | Roadway small tools .....             | 3,841                | 1,921             |
| 46                                     | Power substation apparatus .....      | 1,115                | 900               |
| Total, 1, and 3 to 47, inclusive       |                                       | 8,613,911            | 6,766,920         |
| III. General Expenditures:             |                                       |                      |                   |
| 71                                     | Organization expenses .....           | 129,209              | 102,075           |
| 72                                     | General officers and clerks .....     |                      |                   |
| 73                                     | Law .....                             |                      |                   |
| 74                                     | Stationery and printing .....         |                      |                   |
| 75                                     | Taxes .....                           | 655,734              | 518,030           |
| 76                                     | Other expenditures-General .....      |                      |                   |
| 77                                     | Interest during construction .....    |                      |                   |
| Total, 71 to 77, inclusive             |                                       | 784,943              | 620,105           |
| Grand total, 1, and 3 to 77, inclusive |                                       | 9,398,854            | 7,387,025         |

Used but not Owned, Including the Rensselaer's Portion of Jointly  
Owned Minor Facilities; Leased from the Rensselaer

## In Vermont

| Acct.   | Classes                              | Cost of reproduction |                   |
|---|--------------------------------------|----------------------|-------------------|
|   |                                      | New                  | Less depreciation |
| I. Road:  |                                      |                      |                   |
| 1   | Engineering .....                    | \$49,483             | \$49,483          |
| 3   | Grading .....                        | 359,835              | 359,148           |
| [fol. 88]                                       |                                      |                      |                   |
| 6   | Bridges, trestles, and culverts..... | 156,155              | 111,436           |
| 8   | Ties .....                           | 105,110              | 52,555            |
| 9   | Rails .....                          | 126,240              | 104,981           |
| 10  | Other track material .....           | 31,578               | 21,482            |
| 11  | Ballast .....                        | 77,317               | 53,560            |
| 12  | Track laying and surfacing .....     | 98,863               | 67,227            |
| 13  | Right-of-way fences .....            | 22,365               | 11,111            |
| 15  | Crossings and signs .....            | 25,868               | 19,557            |
| 16  | Station and office buildings .....   | 60,284               | 42,152            |
| 17  | Roadway buildings.....               | 5,975                | 2,261             |
| 18  | Water stations .....                 | 11,219               | 5,787             |
| 20  | Shops and engine houses .....        | 15,394               | 6,229             |
| 26  | Telegraph and telephone lines ....   | 1,244                | 1,017             |
| 27  | Signals and interlockers .....       | 1,564                | 1,142             |
| 38  | Roadway small tools .....            | 613                  | 307               |
| Total, 1, and 3 to 47, inclusive                |                                      | 1,149,107            | 909,435           |
| III. General Expenditures:                      |                                      |                      |                   |
| 71  | Organization expenses .....          | 17,237               | 13,617            |
| 72  | General officers and clerks .....    |                      |                   |
| 73  | Law .....                            |                      |                   |
| 74  | Stationery and printing .....        |                      |                   |
| 75  | Taxes .....                          | 69,981               | 55,285            |
| 77  | Other expenditures-General .....     |                      |                   |
| 76  | Interest during construction .....   |                      |                   |
| Total, 71 to 77, inclusive ..                   |                                      | 87,218               | 68,902            |
| Grand total, 1, and 3 to 77,<br>inclusive ..... |                                      | 1,236,325            | 978,337           |

Used but not Owned, Including the Saratoga's Portion of Jointly  
Owned Minor Facilities; Leased from the Saratoga

In New York

| Acct.  | Classes                              | Cost of reproduction |                   |
|--|--------------------------------------|----------------------|-------------------|
|  |                                      | New                  | Less depreciation |
| I. Road:                                     |                                      |                      |                   |
| 1  | Engineering .....                    | \$99,417             | \$99,417          |
| 3  | Grading .....                        | 324,167              | 314,563           |
| 6  | Bridges, trestles, and culverts..... | 459,033              | 387,816           |
| 8  | Ties .....                           | 179,861              | 90,012            |
| 9  | Rails .....                          | 264,118              | 225,090           |
| 10   | Other track material .....           | 79,053               | 52,713            |
| 11   | Ballast .....                        | 110,773              | 74,908            |
| 12   | Track laying and surfacing .....     | 145,119              | 105,937           |
| 13   | Right-of-way fences .....            | 13,866               | 6,053             |
| [fol. 89]                                    |                                      |                      |                   |
| 15   | Crossings and signs .....            | 55,681               | 39,703            |
| 16   | Station and office buildings .....   | 419,654              | 310,862           |
| 17   | Roadway buildings.....               | 6,448                | 3,546             |
| 18   | Water stations .....                 | 24,949               | 21,324            |
| 19   | Fuel stations .....                  | 11,419               | 7,821             |
| 20   | Shops and engine houses .....        | 39,226               | 19,428            |
| 26   | Telegraph and telephone lines .....  | 6,825                | 5,325             |
| 27   | Signals and interlockers .....       | 62,031               | 44,025            |
| 29   | Power plant buildings .....          | 4,299                | 2,719             |
| 32   | Power distribution systems .....     | 1,525                | 1,025             |
| 33   | Power line poles and fixtures .....  | 80                   | 65                |
| 38   | Roadway small tools .....            | 1,150                | 575               |
| Total, 1, and 3 to 47, inclusive             |                                      | 2,308,694            | 1,812,927         |
| III. General Expenditures:                   |                                      |                      |                   |
| 71   | Organization expenses .....          | 34,630               | 27,358            |
| 72   | General officers and clerks .....    |                      |                   |
| 73   | Law .....                            |                      |                   |
| 74   | Stationery and printing .....        |                      |                   |
| 75   | Taxes .....                          |                      |                   |
| 77   | Other expenditures-General .....     | 175,749              | 138,842           |
| 76   | Interest during construction .....   |                      |                   |
| Total, 71 to 77, inclusive ..                |                                      | 210,379              | 166,200           |
| Grand total, 1, and 3 to 77, inclusive ..... |                                      | 2,519,073            | 1,979,127         |

## Used but not Owned; Leased from the Rutland

## In Vermont

|  |                                      | Cost of reproduction |                   |
|--|--------------------------------------|----------------------|-------------------|
| Acct.  | Classes                              | New                  | Less depreciation |
| I. Road:                                     |                                      |                      |                   |
| 1  | Engineering .....                    | \$11,501             | \$11,501          |
| 3  | Grading .....                        | 86,074               | 85,773            |
| 6  | Bridges, trestles, and culverts..... | 34,594               | 24,225            |
| 8  | Ties .....                           | 21,175               | 10,588            |
| 9  | Rails .....                          | 25,944               | 22,868            |
| 10   | Other track material .....           | 7,196                | 5,049             |
| 11   | Ballast .....                        | 16,483               | 11,111            |
| 12   | Track laying and surfacing .....     | 21,779               | 15,245            |
| 13   | Right-of-way fences .....            | 4,282                | 2,141             |
| 15   | Crossings and signs .....            | 11,474               | 8,368             |
| 16   | Station and office buildings .....   | 21,882               | 11,429            |
| 17   | Roadway buildings.....               | 854                  | 255               |
| [ fol. 90 ]                                  |                                      |                      |                   |
| 20   | Shops and engine houses .....        | 2,759                | 1,433             |
| 26   | Telegraph and telephone lines ....   | 339                  | 264               |
| 27   | Signals and interlockers .....       | 609                  | 443               |
| 38   | Roadway small tools .....            | 128                  | 61                |
| Total, 1, and 3 to 47, inclusive             |                                      | 267,073              | 210,757           |
| III. General Expenditures:                   |                                      |                      |                   |
| 71   | Organization expenses .....          | 4,006                | 3,165             |
| 72   | General officers and clerks .....    |                      |                   |
| 73   | Law .....                            |                      |                   |
| 74   | Stationery and printing .....        |                      |                   |
| 75   | Taxes .....                          |                      |                   |
| 76   | Other expenditures-General .....     | 16,265               | 12,849            |
| 76   | Interest during construction .....   |                      |                   |
| Total, 71 to 77, inclusive ..                |                                      | 20,271               | 16,014            |
| Grand total, 1, and 3 to 77, inclusive ..... |                                      | 287,344              | 226,771           |

## Used but not Owned; Leased from the Vermont

| Acct.  | Classes                               | Cost of reproduction |                   |
|--|---------------------------------------|----------------------|-------------------|
|  |                                       | New                  | Less depreciation |
|  | In New York                           |                      |                   |
|  | I. Road:                              |                      |                   |
| 1  | Engineering .....                     | \$60,016             | \$60,016          |
| 3  | Grading .....                         | 275,045              | 273,322           |
| 6  | Bridges, trestles, and culverts ..... | 310,084              | 244,262           |
| 8  | Ties .....                            | 100,129              | 50,065            |
| 9  | Rails .....                           | 157,095              | 133,010           |
| 10   | Other track material .....            | 47,766               | 30,312            |
| 11   | Ballast .....                         | 76,633               | 61,154            |
| 12   | Track laying and surfacing .....      | 86,026               | 61,939            |
| 13   | Right-of-way fences .....             | 8,118                | 4,058             |
| 15   | Crossings and signs .....             | 104,229              | 84,342            |
| 16   | Station and office buildings .....    | 79,341               | 53,095            |
| 17   | Roadway buildings .....               | 14,569               | 4,557             |
| 18   | Water stations .....                  | 2,739                | 1,658             |
| 20   | Shops and engine houses .....         | 1,157                | 557               |
| 26   | Telegraph and telephone lines .....   | 8,117                | 6,519             |
| 27   | Signals and interlockers .....        | 59,217               | 48,928            |
| 31   | Power transmission systems .....      | 520                  | 500               |
| 32   | Power distribution systems .....      | 300                  | 280               |
| 33   | Power line poles and fixtures .....   | 190                  | 170               |
| 36   | Paving .....                          | 1,826                | 913               |
| [fol. 91]                                    |                                       |                      |                   |
| 38   | Roadway small tools .....             | 593                  | 297               |
| Total, 1, and 3 to 47, inclusive             |                                       | <u>1,393,710</u>     | <u>1,119,954</u>  |
| III. General Expenditures:                   |                                       |                      |                   |
| 71   | Organization expenses .....           | 20,906               | 16,725            |
| 72   | General officers and clerks .....     |                      |                   |
| 73   | Law .....                             |                      |                   |
| 74   | Stationery and printing .....         |                      |                   |
| 75   | Taxes .....                           |                      |                   |
| 77   | Other expenditures-General .....      | 106,096              | 84,877            |
| 76   | Interest during construction .....    |                      |                   |
| Total, 71 to 77, inclusive ..                |                                       | <u>127,002</u>       | <u>101,602</u>    |
| Grand total, 1, and 3 to 77, inclusive ..... |                                       | 1,520,712            | 1,221,556         |



Used but not Owned, Including the Northern's Portion of Jointly  
Owned Property; Leased from the Northern

In Pennsylvania

|  |                                      | Cost of reproduction |                   |
|--|--------------------------------------|----------------------|-------------------|
| Acct.  | Classes                              | New                  | Less depreciation |
| I. Road:                                     |                                      |                      |                   |
| 1  | Engineering .....                    | \$147,612            | \$147,612         |
| 3  | Grading .....                        | 959,484              | 930,337           |
| 6  | Bridges, trestles, and culverts..... | 570,515              | 431,695           |
| 8  | Ties .....                           | 292,919              | 146,459           |
| 9  | Rails .....                          | 435,764              | 378,802           |
| 10   | Other track material .....           | 151,866              | 100,644           |
| 11   | Ballast .....                        | 162,129              | 97,513            |
| 12   | Track laying and surfacing .....     | 217,937              | 150,377           |
| 13   | Right-of-way fences .....            | 2,319                | 1,159             |
| 15   | Crossings and signs .....            | 90,761               | 74,887            |
| 16   | Station and office buildings .....   | 311,107              | 221,682           |
| 17   | Roadway buildings.....               | 4,829                | 2,805             |
| 18   | Water stations .....                 | 18,390               | 12,871            |
| 19   | Fuel stations .....                  | 8,713                | 4,256             |
| 20   | Shops and engine houses .....        | 59,145               | 35,639            |
| 22   | Storage warehouses .....             | 27,000               | 10,260            |
| 26   | Telegraph and telephone lines ....   | 15,703               | 9,999             |
| 27   | Signals and interlockers .....       | 139,091              | 97,930            |
| 29   | Power plant buildings .....          | 1,189                | 790               |
| 31   | Power transmission systems .....     | 320                  | 310               |
| 32   | Power distribution systems .....     | 2,080                | 1,260             |
| 33   | Power line poles and fixtures .....  | 220                  | 200               |
| [ fol. 92 ]                                  |                                      |                      |                   |
| 38   | Roadway small tools .....            | 1,721                | 861               |
| Total, 1, and 3 to 47, inclusive             |                                      | 3,620,834            | 2,858,348         |
| III. General Expenditures:                   |                                      |                      |                   |
| 71   | Organization expenses .....          | 54,313               | 42,907            |
| 72   | General officers and clerks .....    |                      |                   |
| 73   | Law .....                            |                      |                   |
| 74   | Stationery and printing .....        |                      |                   |
| 75   | Taxes .....                          | 330,763              | 261,303           |
| 76   | Other expenditures-General .....     |                      |                   |
| 76   | Interest during construction .....   |                      |                   |
| Total, 71 to 77, inclusive ..                |                                      | 385,076              | 304,210           |
| Grand total, 1, and 3 to 77, inclusive ..... |                                      | 4,005,910            | 3,162,558         |

Used by not Owned; Leased from the Placid  
In New York

| Acct.  | Classes                              | Cost of reproduction |                   |
|--|--------------------------------------|----------------------|-------------------|
|  |                                      | New                  | Less depreciation |
| I. Road:                                     |                                      |                      |                   |
| 1  | Engineering .....                    | \$110,996            | \$110,996         |
| 3  | Grading .....                        | 1,001,154            | 998,818           |
| 6  | Bridges, trestles, and culverts..... | 285,583              | 238,170           |
| 8  | Ties .....                           | 212,567              | 106,284           |
| 9  | Rails .....                          | 309,790              | 276,705           |
| 10   | Other track material .....           | 74,235               | 50,628            |
| 11   | Ballast .....                        | 134,872              | 100,571           |
| 12   | Track laying and surfacing .....     | 186,740              | 136,320           |
| 13   | Right-of-way fences .....            | 22,423               | 11,211            |
| 15   | Crossings and signs .....            | 11,434               | 8,126             |
| 16   | Station and office buildings .....   | 162,776              | 115,459           |
| 17   | Roadway buildings.....               | 6,358                | 4,318             |
| 18   | Water stations .....                 | 24,153               | 16,253            |
| 19   | Fuel stations .....                  | 271                  | 245               |
| 20   | Shops and engine houses .....        | 25,097               | 22,054            |
| 26   | Telegraph and telephone lines ....   | 4,238                | 2,883             |
| 27   | Signals and interlockers .....       | 2,163                | 1,624             |
| 32   | Power distribution systems .....     | 200                  | 195               |
| 38   | Roadway small tools .....            | 2,516                | 1,258             |
| Total, 1, and 3 to 47, inclusive             |                                      | <u>2,577,566</u>     | <u>2,202,118</u>  |
| [fol. 93] III. General Expenditures:         |                                      |                      |                   |
| 71   | Organization expenses .....          | 38,663               | 32,864            |
| 72   | General officers and clerks .....    |                      |                   |
| 73   | Law .....                            |                      |                   |
| 74   | Stationery and printing .....        |                      |                   |
| 75   | Taxes .....                          |                      |                   |
| 77   | Other expenditures-General .....     | 170,055              | 144,547           |
| 76   | Interest during construction .....   |                      |                   |
| Total, 71 to 77, inclusive ..                |                                      | <u>208,718</u>       | <u>177,411</u>    |
| Grand total, 1, and 3 to 77, inclusive ..... |                                      | <u>2,786,284</u>     | <u>2,379,529</u>  |

Used but not Owned; Leased from the Dannemora  
In New York

| Acct.   | Classes                              | Cost of reproduction |                   |
|---|--------------------------------------|----------------------|-------------------|
|   |                                      | New                  | Less depreciation |
| I. Road:  |                                      |                      |                   |
| 1   | Engineering .....                    | \$22,718             | \$22,718          |
| 3   | Grading .....                        | 192,045              | 191,982           |
| 6   | Bridges, trestles, and culverts..... | 35,166               | 29,160            |
| 8   | Ties .....                           | 57,538               | 28,770            |
| 9   | Rails .....                          | 83,430               | 74,220            |
| 10  | Other track material .....           | 18,531               | 12,715            |
| 11  | Ballast .....                        | 32,925               | 24,552            |
| 12  | Track laying and surfacing .....     | 49,884               | 36,415            |
| 13  | Right-of-way fences .....            | 14,644               | 7,322             |
| 15  | Crossings and signs .....            | 6,105                | 5,058             |
| 16  | Station and office buildings .....   | 7,066                | 3,929             |
| 17  | Roadway buildings.....               | 1,595                | 1,106             |
| 18  | Water stations .....                 | 4,109                | 3,140             |
| 26  | Telegraph and telephone lines ....   | 914                  | 599               |
| 27  | Signals and interlockers .....       | 624                  | 458               |
| 38  | Roadway small tools .....            | 262                  | 131               |
| Total, 1, and 3 to 47, inclusive                |                                      | <u>527,556</u>       | <u>442,275</u>    |
| III. General Expenditures:                      |                                      |                      |                   |
| 71  | Organization expenses .....          | 7,913                | 6,647             |
| 72  | General officers and clerks .....    |                      |                   |
| 73  | Law .....                            |                      |                   |
| 74  | Stationery and printing .....        |                      |                   |
| 75  | Taxes .....                          |                      |                   |
| 77  | Other expenditures-General .....     |                      |                   |
| [fol. 94]                                       |                                      |                      |                   |
| 76  | Interest during construction .....   | 34,805               | 29,236            |
| Total, 71 to 77, inclusive ..                   |                                      | <u>42,718</u>        | <u>35,883</u>     |
| Grand total, 1, and 3 to 77,<br>inclusive ..... |                                      | 570,274              | 478,158           |

Used but not Owned; Leased from the Ticonderoga

## In New York

| Acct.  | Classes                              | Cost of reproduction |                   |
|--|--------------------------------------|----------------------|-------------------|
|  |                                      | New                  | Less depreciation |
| I. Road:                                     |                                      |                      |                   |
| 1  | Engineering .....                    | \$3,710              | \$3,710           |
| 3  | Grading .....                        | 13,685               | 13,676            |
| 6  | Bridges, trestles, and culverts..... | 11,003               | 10,315            |
| 8  | Ties .....                           | 7,682                | 3,841             |
| 9  | Rails .....                          | 10,824               | 9,284             |
| 10   | Other track material .....           | 5,623                | 4,108             |
| 11   | Ballast .....                        | 4,478                | 2,809             |
| 12   | Track laying and surfacing .....     | 6,736                | 4,715             |
| 13   | Right-of-way fences .....            | 188                  | 94                |
| 15   | Crossings and signs .....            | 1,251                | 788               |
| 16   | Station and office buildings .....   | 18,390               | 14,806            |
| 17   | Roadway buildings.....               | 339                  | 169               |
| 18   | Water stations .....                 | 857                  | 733               |
| 20   | Shops and engine houses .....        | 399                  | 240               |
| 26   | Telegraph and telephone lines ....   | 215                  | 184               |
| 27   | Signals and interlockers .....       | 165                  | 137               |
| 38   | Roadway small tools .....            | 617                  | 309               |
| Total, 1, and 3 to 47, inclusive             |                                      | 86,162               | 69,918            |
| III. General Expenditures:                   |                                      |                      |                   |
| 71   | Organization expenses .....          | 1,292                | 1,047             |
| 72   | General officers and clerks .....    |                      |                   |
| 73   | Law .....                            |                      |                   |
| 74   | Stationery and printing .....        |                      |                   |
| 75   | Taxes .....                          | 2,624                | 2,125             |
| 77   | Other expenditures-General .....     |                      |                   |
| 76   | Interest during construction .....   |                      |                   |
| Total, 71 to 77, inclusive ..                |                                      | 3,916                | 3,172             |
| Grand total, 1, and 3 to 77, inclusive ..... |                                      | 90,078               | 73,090            |

## APPENDIX 2

## The Carrier

## Corporate History

The corporations whose franchises and properties have gone to make up the present company, and the dates of the changes in those several corporations, are shown in the following table:

| Sym-<br>bol<br>No. | Corporate name   | Date of<br>incorporation       | State | Date of acquisition by successor                |
|--------------------|--|--------------------------------|-------|---|
| 1                  | The Delaware and Hudson Com-<br>pany.  | Apr. 28, 1899                  | N. Y. | Present company.                                |
| 2                  | The President, Manager and Com-<br>pany of the Delaware and Hud-<br>son Canal Company. | Mch. 13, 1823<br>Apr. 23, 1823 | N. Y. | Pa. Name changed to<br>No. 1, Apr. 28,<br>1899. |
| 3                  | Adirondack Railway.....  | July 7, 1882                   | N. Y. | Acquired by No. 1<br>Nov. 5, 1902.              |
| 4                  | Adirondack Company.....  | Oct. 24, 1863                  | N. Y. | Acquired by No. 3<br>Nov. 24, 1882.             |
| 5                  | Adirondack Estate.....   | Aug. 11, 1860                  | N. Y. | Acquired by No. 4<br>Nov. 11, 1863.             |
| 6                  | Lake Ontario.....  | Apr. 6, 1857                   | N. Y. | Acquired by No. 5<br>Aug. 13, 1860.             |
| 7                  | Sackets Harbor and Saratoga<br>Railroad Company.                                       | Feb. 23, 1852                  | N. Y. | Name changed to<br>No. 6 April 6,<br>1857.      |
| 8                  | Duanesburgh .....  | July 15, 1873                  | N. Y. | Acquired by No. 1<br>Aug. 4, 1903.              |
| 9                  | The Schenectady & Susquehanna<br>Rail Road Company.                                    | Dec. 27, 1869                  | N. Y. | Acquired by No. 9<br>July 12, 1873.             |
| 10                 | New York.....  | Apr. 8, 1873                   | N. Y. | Acquired by No. 1<br>May 23, 1908.              |
| 11                 | New York of 1872.....  | Mch. 16, 1872                  | N. Y. | Acquired by No. 10<br>April 8, 1873.            |
| 12                 | Whitehall .....  | Feb. 16, 1866                  | N. Y. | Acquired by No. 10<br>April 8, 1873.            |
| 13                 | Montreal .....   | Aug. 22, 1868                  | N. Y. | Acquired by No. 10<br>April 8, 1873.            |
| 14                 | Plattsburgh .....  | Mch. 28, 1850                  | N. Y. | Acquired by No. 13<br>Aug. 20, 1868.            |
| 15                 | Cherry Valley.....   | Apr. 10, 1869                  | N. Y. | Acquired by No. 1<br>July 17, 1908.             |
| 16                 | Cherry Valley.....   | Apr. 15, 1864                  | N. Y. | Name changed to<br>No. 15 Apr. 10,<br>1869.     |
| 17                 | Cherry Valley.....   | Apr. 10, 1860                  | N. Y. | Name changed to<br>No. 16, Apr. 15,<br>1864.    |

## Development of Fixed Physical Property

The road owned by the carrier on date of valuation was acquired as follows:

| [fol. 96] Purchased:  | Approximate mileage |
|---|---------------------|
| May 8, 1911, that part of Greenwich & Johnsonville Railway Company extending from Greenwich to Greenwich Junction, N. Y.; constructed by the railroad on a date unknown ..... | 10,200              |

## Merger:

|  |        |
|--|--------|
| November 5, 1902, of the property of Adirondack Railway, Saratoga Springs to North Creek, N. Y. .... | 57,307 |
|--|--------|

Road opened for operation on the following dates, but by whom constructed is unknown:

|                                     |      |        |
|-------------------------------------|------|--------|
| Saratoga Springs to Greenfield..... | 1865 | 5,680  |
| Greenfield to Wolf Creek.....       | 1866 | 18,756 |
| Wolf Creek to Thurman.....          | 1869 | 10,556 |
| Thurman to near Riverside.....      | 1870 | 14,556 |
| Near Riverside to North Creek.....  | 1871 | 7,759  |

August 4, 1903, of the property of the Duaneburg, Schenectady to Delanson, N. Y.:

|  |        |
|--|--------|
| Constructed by the Albany in 1863..... | 14,189 |
|--|--------|

May 23, 1908, of the property of the New York, Lake Station, near Whitehall, to Baldwin:

|   |         |
|---|---------|
| Ausable Forks to South Junction, and Canada Junction to the New York-Canada line..... | 149,169 |
|---|---------|

Constructed by the Plattsburgh on unknown date and opened for operation as follows:

|   |        |
|---|--------|
| Plattsburgh to Mooers Junction, July 26, 1852; Mooers Junction to New York-Canada line, September 20, 1852..... | 23,000 |
|---|--------|

Constructed by the Whitehall on the following dates:

|  |        |
|--|--------|
| Ausable River, near Ausable Forks, to Plattsburgh, 21 miles, in 1869; Fort Ticonderoga to Port Henry, 15 miles, in 1870..... | 36,000 |
|--|--------|

Constructed by the carrier and acquired on following dates:

|  |      |        |
|--|------|--------|
| Lake station to Fort Ticonderoga.....      | 1873 | 90,169 |
| Port Henry to South Junction.....          | 1875 |        |
| Montcalm Landing to Baldwin.....           | 1875 |        |
| Canada Junction to Rouses Point.....       | 1876 |        |
| Ausable River to Ausable Forks.....        | 1894 | 21,340 |
| Rouses Point to New York-Canada line... .. | 1906 |        |

|   |        |
|---|--------|
| Constructed by the Cherry Valley 1869-1870..... | 21,340 |
|---|--------|

---

242,005

| Construction:               |   | Approximate<br>mileage |
|-----------------------------|---|------------------------|
| 1829                        | Honesdale Jct. to Lookout Junction, Penn.....   | 27.20                  |
| 1846                        | Green Ridge to Carbondale, Penn.....            | 15.32                  |
| 1846                        | Archbald to Bushwick, Penn.....                 | 4.96                   |
| 1863                        | Vine Street to Green Ridge, Penn.....           | 1.47                   |
| 1871                        | Jefferson Jct. to state line, Penn.....         | 4.36                   |
| 1871                        | State line to Nineveh, N. Y.....                | 18.225                 |
| 1877                        | End of branch to Vine Street, Penn.....         | 0.598                  |
| 1881                        | Glennville to Coons, N. Y.....                  | 9.68                   |
| 1901                        | Moreau Junction to South Glens Falls, N. Y..... | 4.77                   |
| 1905                        | Thurman to Warrensburgh, N. Y.....              | 3.47                   |
|                             |   | <hr/> 90.053 <hr/>     |
| Total recorded mileage..... |   | 342.258                |

[fol. 97] History of Corporate Financing

The records of the carrier disclose no syndicating transactions.

The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount actually outstanding on date of valuation:

| Description        | Originally<br>issued | Retirements and<br>treasury holdings | Actually<br>outstanding |
|--------------------|----------------------|--------------------------------------|-------------------------|
| Capital stock .... | \$43,279,500.00      | \$776,900.00                         | \$42,502,600            |
| Funded debt ....   | 107,322,796.28       | 43,697,796.28                        | 63,625,000              |
| Total ....         | 150,602,296.28       | 44,474,696.28                        | 106,127,600             |

The foregoing statement includes \$400 held by or for the carrier, and \$827,000 of funded debt matured carried on the balance sheet on date of valuation as funded debt matured unpaid. The carrier has deposited with the trustees cash for the retirement of the bonds, which had not been presented for redemption to date of valuation.

Capital Stock.—The carrier issued and reacquired capital stock in exchange for the following considerations:

### Issued

| Par value       | Consideration  | Recorded value  |
|-----------------|--|-----------------|
| \$37,284,486.54 | Cash: Premium . . . . \$2,561,369                        |                 |
|                 | Discount . . . . 3,817,410                               | \$36,028,445.54 |
| 1,549,500.00    | Securities of other companies:                           |                 |
|                 | Premium . . . . . 1,448,500                              | 2,998,000.00    |
| 121,500.00      | Retirement of funded debt:                               |                 |
|                 | Premium . . . . . 13,500                                 | 135,000.00      |
| 214,000.00      | Miscellaneous physical property.                         | 214,000.00      |
| 19,313.46       | Payment of interest . . . . .                            | 19,313.46       |
| 30,000.00       | Retirement of notes payable . . .                        | 30,000.00       |
| 27,500.00       | Notes receivable . . . . .                               | 27,500.00       |
| 39,246,300.00   | Total issued for considerations . .                      | 39,452,259.00   |
| 1,245,300.00    | Total issued to the treasury . . . .                     |                 |
| 2,787,900.00    | Total issued in payment of dividends—charged as follows: |                 |
|                 | Profit and loss . . \$2,787,900                          |                 |
| 43,279,500.00   | Total par value issued . . . . .                         |                 |

### Reacquired and Retired

|            |  |              |
|------------|--|--------------|
| 776,500.00 | Cash (\$417,944.37) in excess of par value . . . . . | 1,194,443.37 |
|------------|--|--------------|

### Outstanding

42,503,000.00

The difference between par value of capital stock issued by the carrier and the considerations recorded as received in exchange therefor, [fol. 98] being discount aggregating \$3,817,410 and premiums aggregating \$4,023,369, were charged and credited to profit and loss, respectively.

The difference between the reacquisition cost and the par value of capital stock reacquired by the carrier, being an amount of \$417,944.37, was adjusted by charging the profit and loss account \$105,833.37, and sinking fund \$312,111.

In addition to the stock issued to the treasury, \$1,245,300, the carrier subsequently reacquired a par value of \$323,388 of its own capital stock of which \$320,183 was acquired for \$279,273.40 cash, \$2,505 in exchange for a like amount of loans due and \$700 representing unclaimed shares of stockholders appropriated by the carrier to its own use. Of the total par value of stock thus held in the treasury, \$1,568,688, the carrier retained a par value of \$400 which it carried at a book value of \$411 on date of valuation. The balance of \$1,568,288 was disposed of by the sale of a par value of \$1,285,108 for \$1,402,124.74 cash, and the exchange of \$283,180 in retirement of a like amount of funded debt. The premium of \$127,016.74 received in the sale of capital stock for cash was credited to the profit and loss account.



Funded Debt.—A statement of the funded debt actually outstanding on date of valuation follows:

| Title of security                                    | Date of maturity | Actually outstanding |
|--|------------------|----------------------|
| Assumed:   |                  |                      |
| Adirondack Railway first-mortgage 50-year bonds..... | March 1, 1942    | \$1,000,000          |
| Duanesburgh first-mortgage bonds..                   | Sept. 1, 1924    | 500,000              |
| Issued:  |                  |                      |
| Debenture loan of 1894.....                          | Oct. 1, 1894     | 3,000                |
| Convertible debenture bonds.....                     | June 15, 1906    | 820,000              |
| First lien equipment gold bonds....                  | July 1, 1922     | 9,643,000            |
| First and refunding gold bonds....                   | May 1, 1943      | 32,204,000           |
| Albany first consolidated guaranteed bonds .....     | Apr. 1, 1906     | 4,000                |
| Five per cent 20-year convertible bonds .....        | Jan. 15, 1935    | 14,451,000           |
| First-mortgage bonds of 1877.....                    | Sept. 1, 1917    | 5,000,000            |
| Total .....  |                  | 63,625,000           |

The carrier issued, assumed and reacquired funded debt in exchange for the following considerations:

| Issued          |  | Recorded value  |
|-----------------|--|-----------------|
| Par value       | Consideration  |                 |
| \$99,374,657.73 | Cash: Premium.... \$86,025.00                                    |                 |
|                 | Discount.... \$3,122,381.98                                      | \$96,338,300.75 |
| 1,500,000.00    | Acquisition of transportation property .....                     | 1,500,000.00    |
| [ fol. 99 ]     |  |                 |
| 3,847,000.00    | Retirement of other funded debt..                                | 3,847,000.00    |
| 33,000.00       | Securities of other companies....                                | 33,000.00       |
| 1,138.55        | Payment of interest.....   | 1,138.55        |
| 990,000.00      | To finance affiliated companies and charged to open account..... | 990,000.00      |
| 77,000.00       | Payment of current liabilities....                               | 77,000.00       |
| 1,500,000.00    | Unascertainable .....  | 1,500,000.00    |
| 107,322,796.28  | Total issued for considerations....                              | 104,286,439.30  |
| 107,322,796.28  | Total par value issued.  |                 |

## Reacquired and Retired

| Par value     | Consideration                                | Recorded value |
|---------------|--|----------------|
| 39,270,696.28 | Cash: \$173,836.84 less than par value ..... | 39,137,518.31  |
|               | \$40,658.87 in excess of par value.          |                |
| 3,847,000.00  | Other funded debt issued.....                | 3,847,000.00   |
| 135,000.00    | Capital stock issued.....                    | 135,000.00     |
| 268,100.00    | Capital stock owned.....                     | 268,100.00     |
| 114,000.00    | Securities of other companies....            | 114,000.00     |
| 63,000.00     | Notes payable .....                          | 63,000.00      |
| 43,697,796.28 | Total reacquired for considerations          | 43,564,618.31  |

## Outstanding

63,625,000.00

The difference between the par value of funded debt issued or assumed by the carrier and the consideration recorded as received in exchange therefor, being discounts aggregating \$3,122,381.98 and premiums aggregating \$86,025, together with expenses incurred in the amount of \$187,625.60 in the issuance of such securities, was distributed as follows:

| Account                       | Premium credited | Discount charged | Expense charged |
|-------------------------------|------------------|------------------|-----------------|
| Income—interest .....         | \$5,773.75       | \$765.00         | .....           |
| Profit and loss.....          | 80,251.25        | 3,105,508.28     | \$187,625.60    |
|                               | 86,025.00        | 3,106,273.28     | 187,625.60      |
| Balance sheet account—        |                  |                  |                 |
| Discount on funded debt ..... | .....            | 16,108.70        | .....           |
| Total .....                   | 86,025.00        | 3,122,381.98     | 187,625.60      |

The net difference between the par value and the reacquisition cost of funded debt reacquired by the carrier, being an amount of \$133,177.97, was adjusted as detailed below:

| Account               | Difference between par value and the cost of reacquirement—credited | Difference between the cost of reacquirement and the par value—charged |
|-----------------------|---|--|
| Income—interest ..... | \$3,432.98  | \$1,150.00   |
| Profit and loss.....  | 170,403.86  | 39,508.87  |
| Total .....           | 173,836.84  | 40,658.87  |

[fol. 100] For a detailed statement of the individual capital securities issued or assumed by the carrier, the considerations received therefor, and the securities retired, reference is made to the accounting report hereinbefore mentioned.

Short-term Notes.—In addition to the foregoing capital securities, the carrier at various times issued short-term notes for temporary financing, amounting in the aggregate to \$155,829,247.33, of which \$32,858,720.58 were renewals of due notes. Of the balance of \$122,940,526.79, a total of \$120,266,993.28 has been retired, leaving \$2,703,533.51 outstanding on date of valuation.

The considerations received and given in the issues and retirements were as follows:

| Issues               | Consideration   | Retirements          |
|----------------------|---|----------------------|
| \$107,718,179.78     | Cash .....  | \$120,065,950.21     |
| 222,665.49           | Other securities .....  | 194,080.00           |
| 1,523,746.90         | Miscellaneous physical property .....   |                      |
| 10,989,266.37        | Working fund advances .....   |                      |
| 100,000.00           | Notes of the Albany assumed .....   |                      |
| 43,707.36            | Advances to the Northern .....  |                      |
| 25,000.00            | Advances to Erie Railroad Company .....   |                      |
| 150,675.18           | Equipment for the Albany .....  |                      |
| 1,870,510.56         | Current liabilities .....   |                      |
|                      | Current assets .....  | 487.92               |
| 243,572.31           | Interest and interest adjustments .....   | 439.15               |
| 5,030.00             | Commission .....  |                      |
| 22,567.84            | Discount charged to profit and loss through interest .....  |                      |
|                      | Written off to profit and loss .....  | 6,036.00             |
| 55,605.00            | Outstanding notes March 1, 1842, transferred from banking department ledger, not obtainable ..... |                      |
| <hr/> 122,970,526.79 | Total .....   | <hr/> 120,266,993.28 |

The details of the notes outstanding on date of valuation follow:

|              |  |
|--------------|--|
| \$203,533.51 | For two notes at 4 per cent due the Quebec, Montreal and Southern Railway Company.         |
| 500,000.00   | For demand note with interest at 6 per cent due the Northern New York Development Company. |
| 1,000,000.00 | For note at $3\frac{1}{4}$ per cent due Kuhn, Loeb & Company.                              |
| 1,000,000.00 | For note at $3\frac{1}{2}$ per cent due Farmers Loan and Trust Company.                    |

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2,703,533.51 Total.

## Result of Corporate Operations

**Income Account.**—The income account of the carrier for year ending on date of valuation, and for the period October 29, 1829, to date of valuation, follows:

| [fol. 101] Operating income:                       |                 | Year             | Period |
|--|-----------------|------------------|--------|
| Railway operating revenues....                     | \$25,987,630.82 | \$519,628,107.26 |        |
| Railway operating expenses....                     | 16,444,356.05   | 344,672,779.13   |        |
| Net revenue from railway operations .....          | 9,543,274.77    | 174,955,328.13   |        |
| Railway tax accruals .....                         | 681,591.95      | 6,538,930.88     |        |
| Uncollectible railway revenues..                   | 2,192.60        | 2,680.57         |        |
| Railway operating income                           | 8,859,490.22    | 168,413,716.68   |        |
| Revenues from miscellaneous operations .....       | 14,375,811.39   | 626,412,055.65   |        |
| Expenses of miscellaneous operations .....         | 12,789,152.48   | 496,215,867.43   |        |
| Net revenue from miscellaneous operations....      | 1,586,658.91    | 130,196,188.22   |        |
| Taxes on miscellaneous operating property .....    | 484,582.98      | 3,167,265.76     |        |
| Miscellaneous operating income .....               | 1,102,075.93    | 127,028,922.46   |        |
| Total operating income..                           | 9,961,566.15    | 295,442,639.14   |        |
| Nonoperating income:                               |                 |                  |        |
| Hire of equipment .....                            | 111,904.97      | 1,932,990.93     |        |
| Joint facility rent income.....                    | 99,721.49       | 986,929.94       |        |
| Income from lease of road.....                     | 114,949.81      | 2,389,244.41     |        |
| Miscellaneous rent income.....                     | 136,990.13      | 1,450,970.46     |        |
| Miscellaneous nonoperating physical property ..... | 27,461.72       | 1,530,011.80     |        |
| Separately operated properties..                   | .....           | 258,983.21       |        |
| Dividend income .....                              | 293,162.24      | 13,391,948.37    |        |
| Income from funded securities..                    | 182,832.00      | 2,579,241.71     |        |
| Income from unfunded securities and accounts ..... | 604,911.49      | 13,881,124.85    |        |
| Income from sinking and other reserve funds .....  | 157,510.57      | 556,502.68       |        |
| Miscellaneous income .....                         | 969.81          | 2,681,728.19     |        |
| Total .....  | 1,730,414.23    | 41,639,676.55    |        |
| Gross income .....                                 | 11,691,980.38   | 337,082,315.69   |        |

| Deductions from gross income:               |              |                |
|---|--------------|----------------|
|   | Year         | Period         |
| Hire of equipment .....                     | 381,572.94   | 973,081.41     |
| Joint facility rents .....                  | 236,535.38   | 3,055,986.03   |
| Rent for leased roads .....                 | 1,880,543.08 | 94,425,802.59  |
| Miscellaneous rents .....                   | 6,320.74     | 818,708.07     |
| Miscellaneous tax accruals .....            | 31,813.40    | 10,022,272.64  |
| Specially operated properties .....         |              | 264,270.35     |
| Interest on funded debt .....               | 3,205,593.31 | 53,924,337.99  |
| Interest on unfunded debt .....             | 97,720.60    | 7,405,592.95   |
| Income transferred to other companies ..... |              | 187,470.32     |
| Miscellaneous income charges .....          | 23,010.63    | 252,443.82     |
| Total .....                                 | 5,863,110.08 | 171,329,966.17 |
| Net income .....                            | 5,828,870.30 | 165,752,349.52 |

[fol. 102] Disposition of net income:

|  |              |                |
|--|--------------|----------------|
| Appropriations to sinking and other reserves ..... |              | 2,381,031.39   |
| Miscellaneous appropriations .....                 | 10,454.19    | 431,639.79     |
| Total appropriations .....                         | 10,454.19    | 2,812,671.18   |
| Balance to credit of profit and loss .....         | 5,818,416.11 | 162,939,678.34 |

If certain delayed income items in the profit and loss account were taken into the income statement for the period from 1829 to date of valuation, the income balance transferred to credit of profit and loss would be decreased to \$158,697,823.04.

The net earnings for the period, if considered in the light of a return on the investment in road and equipment, will be found to have been overstated for the reason that the earnings of the Northern, subsequent to January 1, 1907, and of the Cooperstown of 1891, subsequent to July 1, 1904, have been included in the earnings of the carrier without any deduction for rental of leased roads.

Profit and Loss Account.—The profit and loss account of the carrier, on date of valuation, follows:

## Credits:

|   |                  |
|---|------------------|
| Credit balance transferred from income.....             | \$162,939,678.34 |
| Profit on road and equipment sold.....                  | 39,924.89        |
| Delayed income credits .....                            | 2,235,941.99     |
| Railway operating revenues .....                        | \$306,355.61     |
| Revenues from miscellaneous operations .....            | 314,071.83       |
| Income from lease of road .....                         | 56,439.01        |
| Miscellaneous rent income .....                         | 3.81             |
| Miscellaneous nonoperating physical property.....       | 672,019.68       |
| Dividend income .....                                   | 176,650.19       |
| Income from funded securities .....                     | 40,403.03        |
| Income from unfunded securities and accounts ..         | 112,807.63       |
| Income from sinking and other reserve funds.....        | 45,859.94        |
| Railway operating expenses .....                        | 28,886.12        |
| Railway tax accruals.....                               | 179,903.38       |
| Expenses of miscellaneous operations .....              | 51,631.92        |
| Rent for leased roads.....                              | 29,680.00        |
| Miscellaneous rents.....                                | 75,288.70        |
| Separately operated properties—loss .....               | 33,151.62        |
| Interest on funded debt .....                           | 1,177.50         |
| Interest on unfunded debt .....                         | 68,706.48        |
| Income applied to sinking and other reserve funds ..... | 42,905.54        |
| Unrefundable overcharges .....                          | 444.67           |
| Donations .....   | 2,500.00         |
| Miscellaneous credits .....                             | 24,399,056.71    |

[fol. 103]

|   |              |
|---|--------------|
| Adjustment and cancellation of balance sheet accounts .....         | 2,269,298.81 |
| Cancellation of wages and vouchers payable .....                    | 17,873.93    |
| Excess of par value over amounts in retirement of funded debt ..... | 170,403.86   |
| Profit from sale of investment securities .....                     | 3,888,486.66 |
| Profit from sale of miscellaneous physical property .....           | 470,258.61   |
| Adjustment to par of company's securities reacquired .....          | 60,018.00    |
| Adjustment of book value of investment securities ..                | 869,253.05   |

|  |              |
|--|--------------|
| Premium on capital stock issued .....                | 4,023,369.00 |
| Premium on funded debt issued .....                  | 80,251.25    |
| Premium on stock reacquired and disposed of .....    | 98,113.67    |
| Collection of old accounts previously written off... | 1,077,318.22 |
| Adjustment of book value of company's property..     | 9,793,082.68 |
| Transfer of sinking fund reserves .....              | 1,261,925.00 |
| Sundry other items .....                             | 319,403.97   |

|             |                |
|-------------|----------------|
| Total ..... | 189,617,546.60 |
|-------------|----------------|

## Debits:

|  |                |
|--|----------------|
| Surplus applied to sinking and other reserve funds ..... | 674,435.64     |
| Dividend appropriations of surplus .....                 | 124,799,574.54 |
| Capital stock issued as stock dividends .....            | 2,787,900.00   |
| All other dividends .....                                | 122,011,674.54 |
| Stock discount extinguished through surplus....          | 3,817,410.00   |
| Debt discount extinguished through surplus....           | 3,293,133.88   |
| Miscellaneous appropriations of surplus .....            | 20,000.00      |
| Loss on retired road and equipment .....                 | 299,800.91     |
| Estimated value of road abandoned .....                  | 270,000.00     |
| Other property retired....                               | 29,800.91      |
| Delayed income debits .....                              | 6,477,797.29   |
| Railway operating revenues                               | 16,444.73      |
| Revenues from miscellaneous operations .....             | 93,625.07      |
| Miscellaneous rent income                                | 1,190.57       |
| Miscellaneous nonoperating physical property .....       | 3,185.87       |
| Separately operated properties—profit .....              | 131,789.35     |
| Income from unfunded securities and accounts..           | 2,843.42       |
| Railway operating expenses                               | 1,722,123.36   |
| Railway tax accruals .....                               | 470,404.78     |
| Expenses of miscellaneous operations .....               | 2,035,055.66   |
| Rents for leased roads....                               | 1,560,710.01   |
| Miscellaneous rents .....                                | 2,609.24       |
| Miscellaneous tax accruals..                             | 78,897.87      |

|  |        |
|--|--------|
| Separately operated prop-<br>erties—loss ..... | 450.00 |
|--|--------|

[fol. 104]

|  |            |
|--|------------|
| Interest on funded debt...                     | 310,364.55 |
| Interest on unfunded debt                      | 15,250.93  |
| Income transferred to other<br>companies ..... | 31,185.21  |
| Miscellaneous income charges                   | 1,666.67   |

|                            |               |
|----------------------------|---------------|
| Miscellaneous debits ..... | 31,709,798.96 |
|----------------------------|---------------|

|   |               |
|---|---------------|
| Adjustment and cancellation<br>of balance sheet accounts                  | 6,026,676.33  |
| Loss from sale of investment<br>securities .....                          | 238,277.65    |
| Loss from sale of miscel-<br>laneous physical property                    | 193,112.07    |
| Excess of amount paid over<br>par value of capital stock<br>retired ..... | 105,833.37    |
| Excess of amount paid over<br>par value of funded debt<br>retired .....   | 39,508.87     |
| Adjustment of par of com-<br>pany's securities reacquired                 | 4,608.19      |
| Adjustment of book value<br>of investment securities..                    | 1,425,467.15  |
| Discount on stock reacquired<br>and sold .....                            | 8,494.09      |
| Payment of old accounts<br>previously charged off..                       | 288.69        |
| Adjustment of book value<br>of company's property..                       | 14,349,261.18 |
| Depreciation written off...   | 8,384,239.12  |
| Sundry other items.....   | 934,032.25    |

|  |               |
|--|---------------|
| Credit balance on date of valuation..... | 18,525,595.38 |
|--|---------------|

|             |                |
|-------------|----------------|
| Total ..... | 189,617,546.60 |
|-------------|----------------|

It will be noted that the credit balance is \$35,985.73 in excess of the profit and loss balance in the carrier's return to us for year ending on date of valuation. This difference represents the net profit from the operations of the fire insurance fund to December 31, 1915, which was duly entered on the general books but not adjusted in the annual reports until December 31, 1918.



## Investment in Road and Equipment

On date of valuation, the investment in road and equipment account of the carrier showed a balance of \$68,642,567.68, which had been established as follows:

## Road acquired:

|   |                 |
|---|-----------------|
| Money outlay, funded debt assumed, and book value of investment securities applied as the purchase price of the roadway property of predecessor companies ..... | \$11,480,380.25 |
|---|-----------------|

## Road constructed:

|   |                |              |
|---|----------------|--------------|
| Money outlay .....  | \$8,428,859.14 |              |
| Securities owned .....  | 318,000.00     |              |
|   | <hr/>          |              |
|   | 8,746,859.14   |              |
| Less estimated value of road abandoned and written off to profit and loss ..... | 270,000.00     |              |
|   | <hr/>          |              |
|   |                | 8,476,859.14 |

[fol. 105]

## Additions and Betterments

## Road:

|   |               |               |
|---|---------------|---------------|
| Money outlay .....  | 10,713,581.92 |               |
| Money outlay purporting to be for additions and betterments, charged this account by crediting a corresponding amount to general balance sheet account "Additions to property through income and surplus" ..... | 6,839,487.37  |               |
|   | <hr/>         |               |
|   | 17,553,069.29 |               |
| Less cash proceeds from sale of land .....  | 12,902.68     |               |
|   | <hr/>         |               |
|   |               | 17,540,166.61 |

## Equipment:

|   |                |               |
|---|----------------|---------------|
| Money outlay .....                            | 35,457,512.16  |               |
| Less retirements:                             |                |               |
| Recorded value of equipment written off ..... | \$5,251,843.36 |               |
| Cash proceeds from sale of equipment .....    | 106,166.12     |               |
|   | <hr/>          |               |
|   | 5,358,009.48   |               |
|   | <hr/>          |               |
|   |                | 30,099,502.68 |
|   |                | <hr/>         |
|   |                | 67,596,908.68 |

## Other items:

|               |              |                     |
|---------------|--------------|---------------------|
| Debits .....  | 9,534,340.92 |                     |
| Credits ..... | 8,488,681.92 |                     |
|               |              | <u>1,045,659.00</u> |
| Total .....   |              | 68,642,567.68       |

A description of the amounts in "Other items" follows:

## Other Items

## Debits:

|   |               |                     |
|---|---------------|---------------------|
| Improvements on leased railway property .....   | 10,586,831.82 |                     |
| Less amounts charged to profit and loss .....   | 1,129,208.63  |                     |
|   |               | <u>9,457,623.19</u> |
| Expenditures purporting to be for miscellaneous physical property as follows:         |               |                     |
| Dam to facilitate the transportation of coal from the mines to Plant No. 1 .....      |               | 8,001.17            |
| Coal handling apparatus,—breakers, crackers, washers, screens, chutes and engines.... |               | 67,257.45           |
| Boarding house at Olyphant, Penn. ....  |               | 1,459.11            |
|   |               | <u>9,534,340.92</u> |
| Total .....   |               |                     |

## Credits:

|   |              |                     |
|---|--------------|---------------------|
| Expenditures for right of way for the New York, charged to profit and loss .....                    | 5,287.81     |                     |
| Depreciation of equipment, charged to profit and loss .....   | 7,708,010.40 |                     |
| Depreciation of equipment, charged to operating expenses .....                                      | 444,502.09   |                     |
| Reduction in book value of equipment .....  | 40,200.00    |                     |
| Depreciation on railroad buildings charged to operating expenses .....                              | 4,173.26     |                     |
| [fol. 106] Reduction of book value of road through profit and loss .....                            | 285,058.36   |                     |
| Donation from Center Village, N. Y., towards the cost of constructing a station at that point ..... | 1,450.00     |                     |
|   |              | <u>8,488,681.92</u> |
| Total .....   |              |                     |
| Net debit .....   |              | <u>1,045,659.00</u> |

If certain adjustments were made in accordance with our present accounting rules, the balance in the investment in road and equip-

ment account would be decreased to \$67,596,908.68, made up of the following classes of expenditures:

|  | Recorded money<br>outlay | Funded debt<br>assumed | Securities<br>owned,<br>cancelled |
|--|--------------------------|------------------------|-----------------------------------|
| Adirondack .....   |                          | \$1,000,000            |                                   |
| Duanesburgh .....  |                          | 500,000                |                                   |
| New York .....   |                          |                        | \$9,001,400                       |
| Cherry Valley .....  |                          |                        | 589,100                           |
| Greenwich & Johnson-<br>ville Railway Com-<br>pany (part of) ..... | \$389,880.25             |                        |                                   |
|  | 389,880.25               | 1,500,000              | 9,590,500                         |
| The carrier .....  | 56,068,528.43            |                        | 318,000                           |
| Total .....  | 56,458,406.68            | 1,500,000              | 9,908,500                         |

Less deductions not assignable specifically to any one or more of the above mentioned outlays: Estimated value of road abandoned and written off to profit and loss ..... 270,000

The carrier charged to its investment in road and equipment account \$9,001,400 as the cost of acquiring the property of the New York. This amount consisted of \$9,000,000 par value of the common and preferred stock of that company, which the carrier had previously acquired for the consideration hereinafter mentioned, and was carrying at a book value of \$9,001,400:

#### Common Stock

| Par value<br>acquired | Recorded consideration                    | Recorded<br>value<br>of considera-<br>tions given |
|-----------------------|---|---|
| \$17,700              | Cash .....                                | \$16,790  |
| 3,247,700             | Advances .....                            | 2,872,700   |
| 497,400               | Properties acquired and transferred ..... | 380,050   |
| 163,000               | Securities of other companies .....       | 81,000  |
| 74,200                | Character of considerations unknown ..... | 74,200  |

#### Preferred Stock

|           |                |           |
|-----------|----------------|-----------|
| 5,000,000 | Advances ..... | 5,000,000 |
| 9,000,000 | Total .....    | 8,424,740 |

[fol. 107] The carrier also charged to its investment in road and equipment account \$589,100 as the cost of acquiring the property of the Cherry Valley. This amount consisted of a like amount of that company's capital stock and funded debt, which the carrier had previously acquired for the following considerations:

## Capital Stock

| Par value<br>acquired | Recorded consideration                  | Recorded<br>value<br>of considera-<br>tions given |
|-----------------------|---|---|
| \$288,900             | Securities of other companies.....      | \$25,000.00                                       |
|                       | Cash .....                              | 5,000.00  |
| 200                   | Character of consideration unknown..... | 200.00  |

## Funded Debt

|         |                                    |            |
|---------|------------------------------------|------------|
| 101,070 | Cash .....                         | 83,350.00  |
| 198,930 | Securities of other companies..... | 174,062.50 |
| 589,100 | .....Total.....                    | 287,612.50 |

## Original Cost to Date

The original cost to date of the common-carrier property owned and used by the carrier can not be determined from the obtainable records. The carrier acquired 90,058 miles of road by construction, 10,200 miles by purchase, and approximately 242 miles by merger of the property of other companies. Of the latter, there are no accounting or other records of the costs of 151 miles of road originally built by the predecessor companies. For the remaining mileage, and for additions and betterments made by the carrier to the entire mileage, the data on the outlay for creating and improving the property, exclusive of equipment, are as follows:

## Road:

|   |                 |
|---|-----------------|
| Recorded money outlay.....  | \$34,272,986.01 |
| Investment securities.....  | 318,000.00      |
| Less whatever of the above is represented by road<br>abandoned and written off to profit and loss at<br>an estimated cost of..... | 270,000.00      |

## Equipment:

|  |               |
|--|---------------|
| Recorded money outlay.....   | 25,540,964.00 |
| Verified cost of 20,279 units of equipment out<br>of 20,295 units returned by the carrier..... |               |

The constituent parts of the gross outlays for road, listed according to the companies under which they were made, are as follows:

## Carrier:

|  |                 |
|--|-----------------|
| Recorded money outlay.....   | \$26,191,951.20 |
| Investment securities exchanged at book value....                                      | 318,000.00      |
| Less road abandoned and written off to profit and<br>loss at an estimated cost of..... | 270,000.00      |

## Equipment:

|  |               |
|--|---------------|
| Recorded money outlay.....   | 25,540,964.00 |
| Verified cost of 20,279 units of equipment out<br>of 20,295 units returned by the carrier..... |               |

## [fol. 108] Adirondack:

|                            |            |
|----------------------------|------------|
| Recorded money outlay..... | 215,787.08 |
|----------------------------|------------|

## Duanesburgh:

|                            |            |
|----------------------------|------------|
| Recorded money outlay..... | 166,954.80 |
|----------------------------|------------|

## New York:

|                            |              |
|----------------------------|--------------|
| Recorded money outlay..... | 7,698,292.93 |
|----------------------------|--------------|

In addition to the above, the published reports of certain regulation bodies of the state of New York show the following outlay for road constructed by predecessor companies, for which there are no accounting records:

|  |                |
|--|----------------|
| Adirondack Company.....                                    | \$2,619,412.53 |
| Lake Ontario.....  | 3,420,899.35   |
| The Schenectady & Susquehanna Rail Road Com-<br>pany ..... | 600,000.00     |
| Plattsburgh .....  | 441,129.56     |
| Cherry Valley.....   | 589,100.00     |

The foregoing outlays may include the cost of lands classified as noncarrier and as partly carrier and partly noncarrier. They may also include an indeterminable amount representing that part of the cost of property abandoned, sold, or destroyed, in excess of the credits made to the account for salvage, proceeds from sale, and loss from such property.

Cost of Lands.—The carrier reports the original cost of all lands owned, including both carrier and noncarrier, as \$5,991,808.23. In verifying the carrier's returns, a net deduction of \$263,185.64 was made as not properly constituting land costs. The resulting balance of \$5,728,662.59, made up in part of costs supported by accounting records and in part of substantial deed considerations and other amounts, which the carrier claims to represent costs but which are not supported by accounting records, may be classified as follows:

| Classification  | Costs supported by accounting records | Amounts not supported by accounting records |
|---|---------------------------------------|---|
| <b>Carrier lands:</b>   |                                       |   |
| <b>Owned and used:</b>  |                                       |   |
| In New York.....  | \$2,378,493.23                        | \$221,006.62                                |
| In Pennsylvania.....  | 668,098.91                            | 17,110.63                                   |
| In Vermont.....   | 4,057.80                              | 2,110.00                                    |
| Total .....   | <u>3,050,649.94</u>                   | <u>240,227.25</u>                           |
| <b>Owned but not used; leased to New York, Ontario and Western Railway Company:</b>                                 |                                       |   |
| In New York.....  | <u>11,700.00</u>                      | .....                                       |
| <b>Jointly owned and used with the Rensselaer:</b>  |                                       |   |
| In New York.....  | <u>1.75</u>                           | <u>16,000.00</u>                            |
| <b>Rights in the public domain:</b>   |                                       |   |
| <b>Owned and used:</b>  |                                       |   |
| In New York.....  | <u>825.00</u>                         | <u>25.00</u>                                |
| <b>[fol. 109] Rights in private lands:</b>  |                                       |   |
| <b>Owned and used:</b>  |                                       |   |
| In New York.....  | <u>3,100.00</u>                       | <u>1,100.00</u>                             |
| In Pennsylvania.....  | <u>2,775.00</u>                       | .....                                       |
|   | <u>5,875.00</u>                       | <u>1,100.00</u>                             |
| <b>Attendant costs not assignable as between the foregoing rights in public domain and rights in private lands:</b> |                                       |   |
| In New York.....  | <u>11,567.25</u>                      | <u>1,825.00</u>                             |
| In Pennsylvania.....  | <u>2,070.63</u>                       | .....                                       |
|   | <u>13,637.88</u>                      | <u>1,825.00</u>                             |

| Classification  | Costs supported by accounting records | Amounts not supported by accounting records |
|---|---------------------------------------|---|
| Noncarrier lands owned:                                   |                                       |   |
| In New York.....  | 870,434.69                            | 14,265.76                                   |
| In Pennsylvania.....                                      | 33,050.15                             | 1,000.00                                    |
| In Michigan.....  |                                       | 900.00                                      |
| In Illinois.....  | 1,273.99                              | 3,700.00                                    |
| In New Jersey.....  | 656,794.86                            |   |
| Total .....   | <u>1,561,553.69</u>                   | <u>19,865.76</u>                            |
| Lands classified as partly carrier and partly noncarrier: |                                       |   |
| In New York.....  | 609,453.94                            | 16,393.94                                   |
| In Pennsylvania.....                                      | 179,488.44                            |   |
| Total .....   | <u>788,942.38</u>                     | <u>16,393.94</u>                            |

Cost of Equipment.—The carrier reports 20,295 units of equipment, 452 units of roadway machines, and certain machinery as owned and used on date of valuation, and as costing \$32,152,926.26. A check of the carrier's return indicates that the following changes should be made:

| Description                                | Units     | Amount            |
|--|-----------|-------------------|
| Deductions:                                |           |                   |
| Steam locomotives:                         |           |                   |
| Excluded—not in serviceable condition..... | 15        | \$149,699.00      |
| Freight-train cars:                        |           |                   |
| Excluded—not in serviceable condition..... | 1         | 1,063.00          |
| Shop machinery:                            |           |                   |
| Error in carrier's return.....             | ..        | 2,806.50          |
| Total .....                                | <u>16</u> | <u>153,568.50</u> |
| Additions:                                 |           |                   |
| Freight-train cars:                        |           |                   |
| Error in carrier's return.....             | ..        | 56,000.00         |
| Total.....                                 | ..        | <u>56,000.00</u>  |
| Net total deductions.....                  | 16        | 97,568.50         |

[fol. 110] After making the above adjustments the carrier's return is summarized as follows:

| Classification             | Units  | Costs supported<br>by account-<br>ing records | Amounts<br>not supported<br>by account-<br>ing records |
|----------------------------|--------|---|--|
| <b>Equipment:</b>          |        |   |  |
| Steam locomotives.....     | 472    | \$7,669,235.00                                | \$636,290.00   |
| Freight-train cars.....    | 18,838 | 15,801,501.00                                 | 3,160,510.00   |
| Passenger-train cars.....  | 462    | 1,581,530.00                                  | 847,316.00   |
| Motor equipment of cars... | 1      | 25,217.00                                     | 202.00   |
| Work equipment.....        | 506    | 463,481.00                                    | 349,755.00   |
| Total .....                | 20,279 | 25,540,964.00                                 | 4,994,073.00   |
| <b>Machinery:</b>          |        |   |  |
| Roadway machines.....      | 452    | 6,904.00                                      | 43,478.00  |
| Other expenditures—road..  |        | 8,828.21                                      | 1,689.31   |
| Shop machinery.....        |        | 772,514.17                                    | 440,418.23   |
| Power plant machinery...   |        | 178,186.84                                    | 68,302.00  |
| Total .....                | 452    | 966,433.22                                    | 553,887.54   |

There is included in the above statement one unit of motor equipment of cars with \$25,217 in costs, as supported by accounting records, and \$202 of costs estimated by the carrier, which is included in the inventory as owned but not used for the reason that this unit is leased to and used exclusively by Carolina, Clinchfield and Ohio Railway.

#### Improvements on Leased Railway Property

The carrier has recorded expenditures aggregating \$19,506.01 for improvements to its leased railway property, covering money outlay on property of the Placid. In addition, its accounts record other amounts purporting to cover improvements on leased railway property which were charged as follows:

|   | Charged to—                                    |                            |
|---|--|----------------------------|
|   | Investment<br>in road and<br>equipment account | Profit and<br>loss account |
| Albany.....   | \$3,423,882.54                                 | \$47,686.39                |
| Rensselaer .....  | 1,894,170.21                                   | 1,078,658.30               |
| Rome and Clinton Railroad Company, and The Utica, Clinton and Binghamton Railroad Company.. |  | 100,970.87                 |
| Northern .....  | 3,898,388.35                                   |                            |
| Union Railroad Extension.....   | 241,182.09                                     | 2,863.94                   |
| Total.....  | 9,457,623.19                                   | 1,230,179.50               |



[fol. 111] The amount charged to improvements on the railroad of the Northern is the exact amount shown on the general balance sheet of the latter, on date of valuation, as representing its investment in road and equipment. The amount expended on the Union Railroad Extension was made during the time this extension was a part of the property of the Baltimore Coal and Union Railroad Company, which subsequently was merged with the Northern.

### Miscellaneous Physical Property

The balance in the miscellaneous physical property account of the carrier on date of valuation was \$10,280,864.44, the greater part of which is representative of its coal mining activities as indicated in the following summarization:

|  |                |                |
|--|----------------|----------------|
| Coal mining department.....                |                | \$8,339,609.12 |
| Coal lands and real estate.....            | \$6,645,026.39 |                |
| Other .....                                | 1,694,582.73   |                |
|  |                | <hr/>          |
| Other miscellaneous physical property..... |                | 1,941,255.32   |
|  |                | <hr/>          |
| Ore lands .....                            | 58,238.89      |                |
| Real estate at Weehawken, N. J. ....       | 1,605,270.50   |                |
| Buffalo, N. Y. ....                        | 240,629.59     |                |
| Utica, N. Y. ....                          | 28,612.60      |                |
| Chicago, Ill. ....                         | 4,973.99       |                |
| Battle Creek, Mich. ....                   | 900.00         |                |
| Other .....                                | 2,629.75       |                |
|  |                | <hr/>          |
| Total.....                                 |                | 10,280,864.44  |

We have classified certain lands reported by the carrier as used for noncarrier and for partly carrier and partly noncarrier purposes, and it is not known to what extent the above charges apply to these lands.

### Investments in Other Companies

The carrier's recorded investments in the securities of other companies on date of valuation are as follows:

|                     | Affiliated companies | Other companies | Total           |
|---------------------|----------------------|-----------------|-----------------|
| Stocks .....        | \$23,504,733.57      | \$1,414,410.30  | \$24,919,143.87 |
| Bonds .....         | 920,900.00           | 4,213,455.11    | 5,134,355.11    |
| Miscellaneous ..... |                      | 716.08          | 716.08          |
| Advances ....       | 19,374,444.50        | 73,052.78       | 19,447,497.28   |
|                     |                      | <hr/>           | <hr/>           |
| Total ..            | 42,800,078.07        | 5,701,634.27    | 49,501,712.34   |

## Stocks Unpledged, Affiliated Companies, Carrier

|  | Par value         | Book value           |
|--|-------------------|----------------------|
| Placid—preferred .....                                       | \$3,000,000       | \$3,000,000.00       |
| Placid—common .....  | 75,000            | 1.00                 |
| Northern .....   | 1,500,000         | 1,500,000.00         |
| Cooperstown of 1891 .....                                    | 45,000            | 1.00                 |
| Susquehanna .....  | 268,300           | 9,948.50             |
| [fol. 112] Greenwich & Johnsonville<br>Railway Company ..... | 225,000           | 225,000.00           |
| Napierville Junction Railway Com-<br>pany .....              | 600,000           | 566,700.39           |
| The Quebec, Montreal and Southern<br>Railway Company .....   | 1,000,000         | 1.00                 |
| Schoharie Valley Railway Company                             | 100,000           | 75,000.00            |
| Wilkes-Barre Connecting Railroad<br>Company .....            | 91,300            | 91,300.00            |
| Plattsburgh Traction Company ....                            | 100,000           | 27,460.16            |
| Schenectady Railway Company ...                              | 2,050,000         | 2,050,000.00         |
| Troy and New England Railway<br>Company .....                | 179,980           | 44,717.52            |
| United Traction Company .....                                | 12,499,600        | 12,499,600.00        |
| Total .....  | <u>21,734,180</u> | <u>20,089,729.57</u> |

## Affiliated Companies, Noncarrier

|  |                  |                     |
|--|------------------|---------------------|
| The Chateaugay Ore and Iron Com-<br>pany—1st preferred ..... | 360,800          | 1.00                |
| The Chateaugay Ore and Iron Com-<br>pany—2nd preferred ..... | 319,850          | 1.00                |
| The Chateaugay Ore and Iron Com-<br>pany—common .....        | 1,250,000        | 1.00                |
| The Hudson Coal Company .....                                | 3,500,000        | 3,400,001.00        |
| Kingston Realty Company .....                                | 5,000            | 5,000.00            |
| The Northern New York Develop-<br>ment Company .....         | 10,000           | 10,000.00           |
| Total .....  | <u>5,445,650</u> | <u>3,415,001.00</u> |

## Nonaffiliated Companies, Carrier

|   | Par value        | Book value          |
|---|------------------|---------------------|
| Albany .....  | 450,000          | 450,000.00          |
| Rensselaer .....  | 800,000          | 800,000.00          |
| Ticonderoga .....                                       | 3,400            | 3,864.02            |
| The Champlain Transportation<br>Company .....           | 52,050           | 83,911.11           |
| The New Jersey and New York Rail-<br>road Company ..... | 10,800           | 1.00                |
| Rome and Clinton Railroad Com-<br>pany .....            | 14,100           | 21,162.50           |
| Total .....   | <u>1,330,350</u> | <u>1,358,938.63</u> |

## Nonaffiliated companies, Noncarrier

|   |                      |                      |
|---|----------------------|----------------------|
| Scranton Textile Company .....                    | 150.00               | 1.00                 |
| United States Hotel Company .....                 | 27,703.00            | 1.00                 |
| The Bluff Point Land Improvement<br>Company ..... | 222,300.00           | 55,466.67            |
| Scranton Pump Company .....                       | 91.20                | 1.00                 |
| Laurel Run Turnpike Company .....                 | 1,500.00             | 1.00                 |
| Bangor Union Slate Company .....                  | 7,100.00             | 1.00                 |
| Total .....                                       | <u>258,844.20</u>    | <u>55,471.67</u>     |
| Grand total .....                                 | <u>28,769,024.20</u> | <u>24,919,143.87</u> |

## Bonds Unpledged, Affiliated Companies, Carrier

|  |                |                |
|--|----------------|----------------|
| Glens Falls, Sandy Hill & Fort Ed-<br>ward Rail Road Company .....       | 100,000        | 100,000        |
| Glens Falls, Sandy Hill & Fort Ed-<br>ward Rail Road Company .....       | 50,000         | 50,000         |
| Plattsburgh Traction Company .....                                       | 24,000         | 24,000         |
| Stillwater & Mechanicsville Street<br>Railway Company .....              | 202,500        | 202,500        |
| [fol. 113] Stillwater & Mechanics-<br>ville Street Railway Company ..... | 47,500         | 47,500         |
| Troy and New England Railway<br>Company .....                            | 160,000        | 160,000        |
| Total .....  | <u>584,000</u> | <u>584,000</u> |

## Affiliated Companies, Noncarrier

|  |                |                |
|--|----------------|----------------|
| The Chateaugay Ore and Iron Com-<br>pany ..... | <u>336,900</u> | <u>336,900</u> |
|--|----------------|----------------|

## Nonaffiliated Companies, Carrier

|   | Par value        | Book value          |
|---|------------------|---------------------|
| Albany .....                                  | 3,556,000        | 3,455,000.00*       |
| The Champlain Transportation<br>Company ..... | 250,000          | 130,833.33          |
| The Lake George Steamboat Com-<br>pany .....  | 20,000           | 20,000.00           |
| Total .....                                   | <u>3,826,000</u> | <u>3,605,833.33</u> |

## Nonaffiliated Companies, Noncarrier

|   |                  |                     |
|---|------------------|---------------------|
| The Fort William Henry Hotel<br>Company .....     | 45,000           | 40,000.00           |
| The Fort William Henry Hotel<br>Company .....     | 272,000          | 272,000.00          |
| The Bluff Point Land Improvement<br>Company ..... | 28,000           | 27,346.78           |
| The Bluff Point Land Improvement<br>Company ..... | 250,000          | 250,000.00          |
| Carbondale Gas Company .....                      | 8,000            | 8,000.00            |
| City of New York, corporate stock ..              | 10,000           | 10,275.00           |
| Total .....                                       | <u>613,000</u>   | <u>607,621.78</u>   |
| Grand total .....                                 | <u>5,359,900</u> | <u>5,134,355.11</u> |

## Miscellaneous

|                                    |        |        |
|------------------------------------|--------|--------|
| Bonds and mortgages on real estate | 716.08 | 716.08 |
|------------------------------------|--------|--------|

## Advances, Affiliated Companies, Carrier

|  |                      |
|--|----------------------|
| Northern .....   | 856,712.42           |
| Cooperstown of 1891 .....                                    | 41,357.01            |
| The Quebec, Montreal and Southern Railway Com-<br>pany ..... | 6,464,030.48         |
| Greenwich & Johnsonville Railway Company .....               | 117,360.23           |
| Sapierville Junction Railway Company .....                   | 6,200.00             |
| Schoharie Valley Railway Company .....                       | 13,975.17            |
| United Traction Company .....                                | 792,277.03           |
| Troy and New England Railway Company .....                   | 50,331.54            |
| Plattsburgh Traction Company .....                           | 44,222.79            |
| Hudson Valley Railway Company .....                          | 1,672,822.84         |
| Wilkes-Barre Connecting Railroad Company .....               | 1,134,828.55         |
| Total .....  | <u>11,194,118.06</u> |

\*\$3,000,000 pledged.

[fol. 114]

## Affiliated Companies, Noncarrier

|   | Par value | Book value          |
|---|-----------|---------------------|
| The Chateaugay Ore and Iron Company.....      |           | 1,848,500.00        |
| The Northern New York Development Company.... |           | 644,565.91          |
| Shanferoke Coal Company.....                  |           | 3,328,738.28        |
| Schuykill Coal and Iron Company.....          |           | 2,358,522.25        |
| Total .....                                   |           | <u>8,180,326.44</u> |

## Nonaffiliated Companies, Carrier

|  |                      |
|--|----------------------|
| Ticonderoga .....                        | 49,057.35            |
| The Troy Union Rail Road Company.....    | 23,995.43            |
| Total .....                              | <u>73,052.78</u>     |
| Grand total.....                         | <u>19,447,497.28</u> |
| Total investment in other companies..... | 49,501,712.31        |

## Leased Railway Property

The following statement gives the details of property leased from and to other companies, together with the terms of the use and the amount of rental accrued for year ending on date of valuation:

| Description and Terms of Lease   |         | Rental accrued |
|--|---------|----------------|
| Property of others—leased to the carrier   | Mileage |                |
| Albany:  |         |                |
| Albany to Binghamton, N. Y.....  | 142.441 |                |
| Leased in perpetuity from February 24, 1870.   |         |                |
| Annual rental, 9 per cent on capital stock, interest on funded debt, and \$1,000 for organization expenses.... |         | \$786,750      |

| Property of others—leased to the carrier | Mileage | Rental<br>accrued |
|--|---------|-------------------|
|--|---------|-------------------|

**Rensselaer:**

|  |        |  |
|--|--------|--|
| Waterford Junction to Ballston Spa,<br>N. Y..... | 19.950 |  |
| Green Island to Waterford Junction,<br>N. Y..... | 5.600  |  |
| Watervliet to Troy, N. Y.....                    | 1.080  |  |
| Saratoga Springs to Lake Station, N. Y.          | 40.950 |  |
| Fort Edward to Lake George, N. Y....             | 14.460 |  |
| Whitehall to State Line, N. Y.....               | 6.590  |  |
| Eagle Bridge to State Line, N. Y.....            | 32.400 |  |
| State Line to Castleton, Vt.....                 | 22.744 |  |
| Castleton to Rutland, Vt.....                    | 10.330 |  |

|             |         |  |
|-------------|---------|--|
| Total ..... | 153.704 |  |
|-------------|---------|--|

Leased in perpetuity from May 1, 1871.

Annual rental, 8 per cent on capital  
stock, interest on funded debt, and  
\$1,000 for organization expenses....

941,000

**Vermont:**

|  |        |  |
|--|--------|--|
| Albany to Waterford Junction, N. Y.... | 12.273 |  |
|--|--------|--|

Leased in perpetuity from June 12,  
1860, to the Rensselaer and assigned  
to the carrier June 15, 1871.

|                             |        |  |
|-----------------------------|--------|--|
| Annual rental \$20,000..... | 20.000 |  |
|-----------------------------|--------|--|

**[fol. 115] Saratoga:**

|  |        |  |
|--|--------|--|
| Schenectady to Saratoga Springs, N. Y. | 20.806 |  |
|--|--------|--|

Leased in perpetuity from February 1,  
1851, to the Rensselaer, in perpetuity  
from July 1, 1860, to the same com-  
pany, and assigned to the carrier June  
15, 1871.

|                              |        |  |
|------------------------------|--------|--|
| Annual rental, \$31,750..... | 31.750 |  |
|------------------------------|--------|--|

**Rutland:**

|  |       |  |
|--|-------|--|
| New York-Vermont state line to Castle-<br>ton, Vt..... | 6.833 |  |
|--|-------|--|

Leased in perpetuity from February 1,  
1870, to the Rensselaer and assigned  
to the carrier June 15, 1871.

|   |        |  |
|---|--------|--|
| Annual rental, 6 per cent on capital<br>stock, and \$150 for organization ex-<br>penses ..... | 15.492 |  |
|---|--------|--|

| Property of others—leased to the carrier  | Mileage | Rental accrued |
|---|---------|----------------|
| <b>Northern:</b>  |         |                |
| Green Ridge to Wilkes-Barre, and branch lines in Pennsylvania . . . . .   | 29.284  |                |
| Leased in perpetuity from December 1, 1873.   |         |                |
| Annual rental, interest on funded debt, and retires the same at maturity; maintains and operates the property, pays all taxes and includes the results of operations in its own account.  |         |                |
| Rent for year ended on date of valuation not stated.  |         |                |
| <b>Ticonderoga:</b>   |         |                |
| Ticonderoga to Ticonderoga Junction, N. Y. . . . .  | 0.587   |                |
| Leased to the carrier from date opened for operation for term of corporate existence under agreement dated August 13, 1890.   |         |                |
| The carrier maintains, manages and operates the property and is permitted to retain 25 per cent of the gross earnings; pay all taxes, interest on funded debt, appropriations not to exceed \$1,000 per annum to establish a sinking fund to retire the funded debt, etc., and dividends on the stock not to exceed 5 per cent. . . . . |         | 4,849.31       |
| <b>Placid:</b>  |         |                |
| Lake Placid to Dannemora, N. Y. . . . .   | 63.485  |                |
| Leased for 500 years from January 1, 1903.  |         |                |
| Annual rental, 4 per cent on preferred stock, interest on funded debt . . . . .   |         | 126,741.13     |
| <b>Dannemora:</b>   |         |                |
| Dannemora to Bluff Point, N. Y. . . . .   | 16.336  |                |
| Leased for 100 years from July 1, 1879, to the Chateaugay, and assigned to the carrier on January 1, 1903.  |         |                |
| Annual rental, free transportation of officers and supplies for the state prison at Dannemora, and the payment of \$1 yearly.   |         |                |

[fol. 116] Property of others leased to the carrier and subleased to others:

| Property of others—leased to the carrier  | Mileage | Rental accrued |
|---|---------|----------------|
| Rome and Clinton Railroad Company:  |         |                |
| Clinton to Rome, N. Y.....  | 12.834  |                |
| The Utica, Clinton and Binghamton Railroad Company:   |         |                |
| Randallsville to Utica, N. Y.....   | 31.269  |                |
| The properties of Rome and Clinton Railroad Company and The Utica, Clinton and Binghamton Railroad Company are leased in perpetuity from May 26, 1886.                                      |         |                |
| Annual rental, \$83,875.  |         |                |
| Subleased to New York, Ontario and Western Railway Company for 35 years from June 1, 1886, at an annual rental of \$75,000 to April 30, 1908; thereafter 20 per cent of the gross earnings. |         |                |
| Payable .....   |         | 83,875.00      |
| Receivable .....  |         | 64,721.97      |

The accounting reports of these two lessor companies have been made a part of the report on New York, Ontario and Western Railway Company.

### Trackage Rights

In addition to the property leased or operated as agent, the carrier is granted the use of the property of other companies, and grants the use of its property to other companies, as follows:

| Name of grantor                                 | Between—                                  | State  | Miles  |
|---|---|--------|--------|
| Boston and Maine Railroad.....                  | Troy and Eagle Bridge.                    | N. Y.. | 22.04  |
|   | Mechanicville and Eagle Bridge .....      | N. Y.. | 19.43  |
|   | Crescent and Coons....                    | N. Y.. | 6.80   |
|   | Coons and West End                        |        |        |
| The Central Railroad Company of New Jersey..... | Mechanicville .....                       | N. Y.. | 1.90   |
|   | Hudson and Union Junction .....           | Penn.  | 1.34   |
| Erie Railroad Company.....                      | Carbondale and Jefferson Junction.....    | Penn.  | 35.01  |
|   | Binghamton and Owego .....                | N. Y.. | 22.00  |
| Lehigh Valley Railroad Company....              | South Wilkes-Barre and Wilkes-Barre ..... | Penn.  | 1.62   |
| The Troy Union Rail Road Company.               | In the city of Troy.....                  | N. Y.. | 2.03   |
| Wilkes-Barre Connecting Railroad                | Buttonwood and Hudson .....               | Penn.  | 5.04   |
| Total .....                                     |   |        | 117.21 |



| Name of grantee  | Between  | State  | Miles |
|--|--|--------|-------|
| Boston and Maine Railroad.....   | Albany and Troy.....   | N. Y.. | 8.00  |
|  | Mechanicville and West<br>End .....                          | N. Y.. | 0.98  |
|  | Crescent and Coons.....                                      | N. Y.. | 6.80  |
| The Central Railroad Company of New<br>Jersey .....  | Plymouth Junction and<br>South Wilkes-Barre..                | Penn.  | 1.62  |
| [fol. 117] Clarendon & Pittsford Rail-<br>road Company.....  | At West Rutland.....   | Vt.... | 2.67  |
| The Delaware, Lackawanna & West-<br>ern Railroad Company.....  | Vine Street, Scranton<br>and Marvin Colliery..               | Penn.  | 1.63  |
| Erie Railroad Company.....   | Avoca and Carbondale..                                       | Penn.  | 24.08 |
| The Grand Trunk Railway Company<br>of Canada.....  | Moers Junction and<br>New York-Canada<br>line. ....          | N. Y.. | 2.60  |
| Lehigh Coal and Navigation Company<br>(The)—The Central Railroad Com-<br>pany of New Jersey, lessee..... | Hudson and Union Junc-<br>tion .....                         | Penn.  | 1.34  |
|  | Union Junction and Mi-<br>nooka Junction.....                | Penn.  | 9.61  |
|  | Avoca and Moosic.....  | Penn.  | 2.30  |
| Lehigh Valley Railroad Company....   |  |        |       |
| Napierville Junction Railway Com-<br>pany .....  | Rouses Point and New<br>York-Canada line....                 | N. Y.. | 1.10  |
| The New York Central Railroad Com-<br>pany .....   | Kenwood Junction and<br>Colonie .....                        | N. Y.. | 6.00  |
|  | Lake Placid and Sara-<br>nac Lake.....                       | N. Y.. | 10.08 |
| Wilkes-Barre Connecting Railroad<br>Company .....  | Buttonwood and connec-<br>tion with Plymouth<br>Branch ..... | Penn.  | 1.57  |
| Total .....  |  |        | 80.38 |

[fol. 118]

[File endorsement omitted]

EXHIBIT B TO PETITION—Filed June 13, 1923

Part 2 of 2 Parts

Predecessors of the Carrier

The Adirondack Railway Company

(The Adirondack)

Introductory

At its demise the Adirondack owned and operated a single track, standard gauge railroad extending from a connection with the railroad of the carrier at Saratoga Springs, in a northerly direction to North Creek, N. Y., about 57.307 miles.

## Corporate History

The Adirondack was incorporated July 7, 1882, under the general laws of New York, and is a reorganization of the Adirondack Company. The property of the latter was sold under foreclosure proceedings and conveyed to William W. Durant, William Sutphen and others on October 21, 1881, and conveyed by them to the Adirondack on November 24, 1882. On November 5, 1902, the property of the Adirondack was merged with that of the carrier.

### Development of Fixed Physical Property

The property acquired by the Adirondack consisted of the lands that had been acquired by the Adirondack Company from the state of New York, and a railroad that was constructed during the years 1865 to 1871. The Adirondack was relieved from an obligation to construct its railroad beyond North Creek, by a certificate of the Board of Railroad Commissioners of New York dated May 9, 1882.

### History of Corporate Financing

The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on November 5, 1902, the date of demise:

| Description             | Originally issued | Retirements    | Outstanding |
|-------------------------|-------------------|----------------|-------------|
| Capital stock . . . . . | \$2,600,000.00    | .....          | \$2,600,000 |
| Funded debt . . . . .   | 2,561,637.75      | \$1,561,637.75 | 1,000,000   |
| Total . . . . .         | 5,161,637.75      | 1,561,637.75   | 3,600,000   |

**Capital Stock.**—The authorized capital stock was \$4,000,000, divided into shares of \$100 each. Of this amount \$2,600,000 was issued at par to the bondholders and stockholders of the Adirondack Company in the acquisition of the property of that company, in accordance with the agreement of reorganization dated April 30, 1880.

**Funded Debt.**—The Adirondack assumed two issues of funded debt, both of which were retired, and issued one series of funded debt that was outstanding on the date of demise.

[fol. 119] Prior mortgage account, assumed and retired, \$75,000. The details of this issue were not obtainable. It was assumed by the Adirondack as a part consideration for the property of the Adirondack Company, and was apparently a first lien given to the trustees for the bondholders and creditors of the Adirondack Company. It was retired January 7, 1889, by the exchange of the same amount of cash.

Trustees' certificates, 30-year 6 per cent, dated April 30, 1880, assumed and retired, \$1,486,637.75. These certificates were authorized not to exceed \$1,500,000 under the reorganization agreement of the stockholders, bondholders and creditors of the Adirondack Company, dated April 30, 1880. Under the plan proposed by the agreement,

the trustees were authorized to issue their certificates to the stockholders, bondholders and creditors of the Adirondack Company upon the surrender of their stock, bonds and claims in the following manner:

The trustees agreed to issue their certificates to the bondholders of the Adirondack Company in the proportion of \$100 of certificates for each \$200 of the bonds surrendered. Of the certificates so issued, 50 per cent were redeemable in second-mortgage bonds, and 50 per cent in capital stock of the Adirondack at par.

The trustees agreed to issue their certificates to the stockholders of the Adirondack Company in the proportion of \$100 of certificates for each \$1,000 of the stock surrendered. Such certificates were redeemable in the capital stock of the Adirondack at par.

The trustees agreed to issue their certificates to the creditors of the Adirondack Company in the proportion of \$100 of certificates for each \$200 of claims surrendered. Of the certificates so issued, 50 per cent were redeemable in second-mortgage bonds, and 50 per cent in capital stock of the Adirondack at par.

A total of \$1,486,637.75 of certificates were issued in the manner indicated, the liability for which was assumed by the Adirondack as part cost of acquiring the property of the Adirondack Company. Of this amount a par value of \$1,479,033.08 was retired during the years 1889 to 1896 with \$739,516.49 cash advanced by the carrier. The profit of \$739,516.59 accruing to the Adirondack in this connection was credited to the latter's profit and loss account. At June 30, 1902, the balance of \$7,604.67 outstanding in this account was cancelled by a further credit of a like amount to profit and loss.

First-mortgage, 4½ per cent 50-year gold bonds, dated March 1, 1892, issued and outstanding, \$1,000,000. A total amount of \$2,000,000 was authorized for the purpose of retiring the trust certificates and other obligations of the Adirondack. Under authority of the stockholders, \$1,000,000 of these bonds were delivered to the carrier and sold by them for \$987,500 cash. The latter was reimbursed from these proceeds for the \$739,516.59 previously advanced to retire trustees' certificates and the balance turned over to the Adirondack. The latter charged its profit and loss account with the \$12,500 of discount incurred in the sale of its bonds. In addition to the discount mentioned above, there were other expenses amounting to \$1,050 for engraving bonds which was charged to income.

[fol. 120] Notes Payable.—In addition to the foregoing securities, the Adirondack issued short-term notes for temporary financing to the amount of \$301,214.66, of which \$127,437.19 were renewals of due notes. The considerations received for the balance were \$123,077.47 cash and \$50,000 for construction or property. The total amount of \$301,214.66 outstanding was subsequently retired with a like amount of cash.

### Result of Corporate Operation

Income Account.—The income account of the Adirondack for the period November 24, 1882, to June 30, 1902, is stated as follows:

## Operating income:

|                                  |                |
|----------------------------------|----------------|
| Railway operating revenues ..... | \$3,200,252.78 |
| Railway operating expenses ..... | 2,377,967.19   |

|   |            |
|---|------------|
| Net revenue from railway operations ..... | 822,285.59 |
| Railway tax accruals .....                | 115,775.55 |

|                                |            |
|--------------------------------|------------|
| Railway operating income ..... | 706,510.04 |
|--------------------------------|------------|

## Nonoperating income:

|   |            |
|---|------------|
| Hire of equipment .....                               | \$4,783.75 |
| Miscellaneous rent income .....                       | 3,234.73   |
| Income from unfunded securities and<br>accounts ..... | 39,500.97  |
| Miscellaneous income .....                            | 5,519.34   |

|             |           |
|-------------|-----------|
| Total ..... | 53,038.79 |
|-------------|-----------|

|                    |            |
|--------------------|------------|
| Gross income ..... | 759,548.83 |
|--------------------|------------|

## Deductions from gross income:

|                               |            |
|-------------------------------|------------|
| Interest on funded debt ..... | 493,063.86 |
|-------------------------------|------------|

|  |            |
|--|------------|
| Income balance transferred to credit of profit and<br>loss ..... | 266,484.97 |
|--|------------|

Profit and Loss Account.—The profit and loss account of the Adirondack follows:

## Credits:

|  |              |
|--|--------------|
| Net income transferred from income account ..... | \$266,484.97 |
| Miscellaneous credits .....                      | 776,954.74   |

|   |            |
|---|------------|
| Balance transferred from trustees ..... | \$5,956.87 |
|---|------------|

|   |           |
|---|-----------|
| Cancellation of balance sheet ac-<br>counts ..... | 23,876.61 |
|---|-----------|

|  |            |
|--|------------|
| Excess of par over amount paid<br>in the retirement of trust cer-<br>tificates ..... | 739,516.59 |
|--|------------|

|                                       |          |
|---------------------------------------|----------|
| Trustees' certificates written off .. | 7,604.67 |
|---------------------------------------|----------|

|                                      |            |
|--------------------------------------|------------|
| Debit balance at June 30, 1902 ..... | 439,425.11 |
|--------------------------------------|------------|

|             |              |
|-------------|--------------|
| Total ..... | 1,482,864.82 |
|-------------|--------------|

## Debits:

|   |           |              |
|---|-----------|--------------|
| Miscellaneous debits .....                          |           | 1,482,864.82 |
| Uncollectible accounts .....                        | 160.98    |              |
| Cancellation of balance sheet ac-<br>counts .....   | 19,020.66 |              |
| Expenditures for rails .....                        | 14,614.30 |              |
| Debt discount extinguished<br>through surplus ..... | 12,500.00 |              |

[fol. 121]

|  |              |              |
|--|--------------|--------------|
| Investments in securities written<br>off .....                                       | 4,200.00     |              |
| Depreciation on equipment....  | 92,372.42    |              |
| Depreciation on shops and sup-<br>plies .....  | 1,601.26     |              |
| Excess of equity in lands over<br>cash proceeds from the sale of<br>such lands ..... | 1,338,395.20 |              |
| Total .....  |              | 1,482,864.82 |

## Investment in Road and Equipment

On date of demise, the investment in road and equipment account of the Adirondack carried a balance of \$2,835,199.61, which had been established as follows:

## Road Acquired

## Adirondack Company:

|                              |                |                |
|------------------------------|----------------|----------------|
| Capital stock issued .....   |                | \$2,600,000.00 |
| Funded debt assumed .....    |                | 1,561,637.75   |
| Trustees' certificates ..... | \$1,486,637.75 |                |
| Prior mortgage account ..... | 75,000.00      |                |
| Total .....                  |                | 4,161,637.75   |

## Additions and Betterments

|                    |  |              |
|--------------------|--|--------------|
| Money outlay ..... |  | 223,006.47   |
| Total .....        |  | 4,384,644.22 |

Less:

|  |              |              |
|--|--------------|--------------|
| Proceeds from sales of land.....   | 145,250.00   |              |
| Proceeds from sales of old rails....   | 7,219.39     |              |
| Excess of equity in so-called "wild<br>lands" over proceeds from sales<br>written off to profit and loss....   | 1,338,395.20 |              |
| Value ascribed to equipment ac-<br>quired with the property of the<br>Adirondack Company and trans-<br>ferred to the Rensselaer upon<br>merger of the Adirondack with<br>the carrier ..... | 58,580.02    | 1,549,444.61 |

|  |              |
|--|--------------|
| Net investment in road and equipment ac-<br>count..... | 2,835,199.61 |
|--|--------------|

This balance would comprise the following classes of elements:

|                    |              |
|--------------------|--------------|
| Money outlay ..... | \$223,006.47 |
|--------------------|--------------|

Outlay in securities:

|                                      |              |
|--------------------------------------|--------------|
| Capital stock issued, par value..... | 2,600,000.00 |
| Funded debt assumed, par value.....  | 1,561,637.77 |

Less:

|   |              |
|---|--------------|
| Cash proceeds from sales of land and materials....  | 152,469.39   |
| Deductions not assignable specifically to any one or<br>more of the classes of outlay stated above..... | 1,396,975.22 |

[fol. 122]

Original Cost to Date

The original cost to date of demise of the common-carrier property owned by the Adirondack can not be ascertained owing to the absence of the accounting records of its predecessors and those of the contractors who constructed the original road. The Adirondack constructed no road but made certain additions and betterments to the property acquired from its predecessors.

Certain published reports of the state of New York, hereinafter referred to, show that the earliest predecessor, the Lake Ontario, had an investment in road and equipment of \$3,675,858.67, which included \$76,639.32 of discount on sale of bonds. The balance of \$3,599,219.35 was divided \$3,420,899.35 to road and \$178,320 to equipment. The records indicate that only a part of the grading for the road as projected had been completed prior to the demise of the company.

A successor company, the Adirondack Estate, in the published reports referred to, had an investment in road and equipment of \$283,593.62, but it could not be determined whether this was addi-

tional to the reported expenditure of the predecessor company or not. This company did some additional grading but added nothing to the physical property obtained from its predecessor.

The next succeeding corporation, the Adirondack Company, constructed the 57.307 miles of road that was eventually merged with the carrier, at a cost, as shown in the published reports, of \$2,728,692.55. It could not be determined if this amount included any portion of the expenditures reported for the two predecessor companies.

The Adirondack made certain additions and betterments to the completed road amounting to \$215,787.08, which have been classified as follows:

|  |            |
|--|------------|
| Engineering .....                              | \$6,630.76 |
| Land and land damages .....                    | 23,177.17  |
| Grading .....                                  | 58,054.34  |
| Bridges, trestles and culverts .....           | 61,240.71  |
| Ties .....                                     | 3,348.30   |
| Rails .....                                    | 24,209.35  |
| Other track material .....                     | 10,248.92  |
| Fencing right of way .....                     | 243.74     |
| Station buildings and fixtures .....           | 1,301.85   |
| Shops, engine houses and turntables .....      | 27,712.65  |
| Water and fuel stations .....                  | 3,615.20   |
| Not classified .....                           | 3,223.48   |
| Total .....                                    | 223,006.47 |
| Less proceeds from the sale of old rails ..... | 7,219.39   |
| Net additions and betterments .....            | 215,787.08 |

In addition to the above, the accounting records show an expenditure of \$14,614.30 for rails that was charged to profit and loss. It could not be determined whether this was additional to the above outlay or represented renewals.

The Adirondack acquired with the property of the Adirondack Company many acres of so-called "wild lands" in Essex, Franklin, [fol. 123] Herkimer, Hamilton and Warren counties, which it originally included in its investment in road and equipment. These lands were disposed of in 1887 and 1889 for \$145,250 cash, and the balance of \$1,338,395.20 was written off to profit and loss account.

### Adirondack Company

#### Predecessor of the Adirondack

#### Introductory

There are no obtainable records of the Adirondack Company and the information here submitted has been taken from the laws of

New York, the sworn reports rendered by it and published in the "State Engineers' Reports on Railroads," the accounting records of its successor company, the Adirondack, and from the returns on corporate history made by the carrier.

The property of the Adirondack Company was operated from completion to December 15, 1874, by its own organization and by several receivers; from December 15, 1874, to October 21, 1881, by Thomas C. Durant, receiver; and from October 21, 1881, to November 24, 1882, by Thomas C. Durant, as agent. The details of these operations are not of record.

The Adirondack Company passed through many financial troubles, resulting in the placing of its affairs in the hands of receivers; and, under judgment of foreclosure against it dated June 28, 1881, foreclosing the mortgage of July 1, 1872, given to the New York State Loan and Trust Company, the franchise and property were sold to William Sutphen and W. W. Durant. The property was conveyed to them by a deed dated October 21, 1881, who in turn conveyed it to the Adirondack by a deed dated November 24, 1882.

### Corporate History

The Adirondack Company was a New York corporation organized by the purchasers of the property and franchises of the Adirondack Estate, and was incorporated October 24, 1863, under the general laws of New York and under various special acts augmenting its rights and privileges. The articles of association were filed October 24, 1863, and were amended March 1, 1871. Under the articles of association and amendments, the corporation was to continue for 1,000 years, and had for its purposes the acquisition of the property of the Adirondack Estate, the completion, operation, maintenance and extension of the railroad projected by that company, and to develop its lands and market their native products.

### Development of Fixed Physical Property

The line of road projected by the company was to extend from Ogdensburg, on the St. Lawrence River, to Saratoga Springs, N. Y., and from a connection with this line to Ausable Forks, N. Y., a total distance of about 185 miles.

[fol. 124] At November 11, 1863, the Adirondack Company acquired all of the property of the Adirondack Estate, consisting of a right of way on which some grading had been done and about 525,000 acres of land. At its demise on November 24, 1882, it owned a standard gauge, single track railroad extending from Saratoga Springs to North Creek, N. Y., about 57.307 miles, which had been constructed as follows:



| Termini                              | Date<br>opened | Miles  |
|--------------------------------------|----------------|--------|
| Saratoga Springs to Greenfield ..... | 1865           | 5.680  |
| Greenfield to Wolf Creek .....       | 1866           | 18.756 |
| Wolf Creek to Thurman .....          | 1869           | 10.556 |
| Thurman to near Riverside .....      | 1870           | 14.556 |
| Near Riverside to North Creek .....  | 1871           | 7.759  |
| Total .....                          |                | 57.307 |

### History of Corporate Financing

The obtainable records indicate that the Adirondack Company was authorized to issue \$5,000,000 of capital stock, which was subsequently increased to \$10,000,000 by special act of March 31, 1865. This stock was divided into shares of \$100 each. It is not of record what part of the authorized stock was issued and retired and the amount outstanding on November 24, 1882.

There was also authorized funded debt amounting to \$6,000,000, covered by a mortgage on the entire property given to The New York State Loan and Trust Company. This amount consisted of Adirondack Company gold bonds dated July 1, 1872, and payable July 1, 1902, with interest at 7 per cent. The purpose of this issue was to secure funds for completing the road. It is not of record what amount of these bonds were issued, retired and outstanding on November 24, 1882.

The records of its successor company, the Adirondack, state that there was authorized \$1,500,000 of trustees certificates, of which there was issued for unknown considerations \$1,486,637.75 that were subsequently assumed by the Adirondack. The same records also show \$75,000 of "prior mortgages" which were assumed by the Adirondack.

### Aids, Gifts, Grants, and Donations

The Adirondack Company was authorized by various special acts "to purchase, take and hold lands to the amount of 1,000,000 acres," all of which was exempt from taxation until September 12, 1883, provided the company completed and placed in operation 25 miles of its road by December 1, 1864, 35 additional miles of its road by December 1, 1866, and 25 additional miles of its road by December 1, 1868. In the event these sections were not completed, the state of New York by special act of April 27, 1863, required the Adirondack Company to deposit with the comptroller of the state \$20,000 in New York or United States bonds to be held as security for the payment of taxes on the lands from 1863 to 1868, inclusive. It is not of record how many acres of land of the so-called wilderness was acquired.

[fol. 125]

### Original Cost to Date

The original cost to date of the common-carrier property owned and used by the Adirondack Company on November 24, 1882, cannot be ascertained owing to the absence of accounting records.

The only obtainable information pertaining to the cost of the road and equipment of the Adirondack Company at November 24, 1882, is that contained in the State Engineers' Reports on Railroads for the year September 30, 1874. These reports show the cost of completed road and equipment (60 miles) as \$2,728,692.55, and classify this amount as follows:

|  |                    |
|--|--------------------|
| Graduation and masonry .....                                       | \$1,603,629.22     |
| Bridges .....  | 100,751.50         |
| Superstructures, including iron .....                              | 659,233.58         |
| Passenger and freight stations, buildings and fixtures .....       | 18,597.20          |
| Engine and car houses, machine shops, machinery and fixtures ..... | 2,930.06           |
| Land, land damages and fences .....                                | 111,995.10         |
| Locomotives, fixtures and snow plows .....                         | 45,923.03          |
| Passenger and baggage cars .....                                   | 17,581.09          |
| Freight and other cars .....                                       | 45,775.90          |
| Engineering and agencies .....                                     | 122,275.87         |
| Total .....  | <hr/> 2,728,692.55 |

This record contains a further statement that additional expenditures of \$384,822.19 were incurred in advance of the completed portion of the road for engineering, land, and land damages, graduation and masonry.

#### Miscellaneous Physical Property

The Adirondack Company had investments in miscellaneous physical property consisting of lands acquired from the Adirondac Estate, and those it had subsequently acquired on its account. Of the first group, the records state that there were 525,000 acres. The state of New York by special act granted the company the right to acquire 1,000,000 additional acres, but the records do not state what quantity of lands the company held at its demise.

#### The Adirondac Estate and Railroad Company

##### (The Adirondac Estate)

#### Predecessor of the Adirondack Company

#### Introductory

There are no accounting or other records of the Adirondac Estate and the information here submitted was taken partly from the laws of New York pertaining to the company, partly from the corporate history of the carrier and partly from the State Engineers' Reports on Railroads.

[fol. 126]

#### Corporate History

The Adirondac Estate was a New York corporation organized by the bondholders of the Lake Ontario to take over the property

formerly owned by that company. It was incorporated under the general laws of New York, and under special acts of February 18, 1860, March 13, 1861, and March 29, 1862. Its articles of association were filed August 11, 1860. The special acts referred to and its articles of incorporation gave it the additional rights "to convert and prepare for market, the native products of the forest, and to mine and prepare for market the iron ores upon the lands owned by them, and to transport, sell and dispose of the same"; also to construct a railroad from Ogdensburg, N. Y., on the St. Lawrence River, to a connection with its road in Essex county, and other branch lines, making in all about 300 miles of railroad.

Although incorporated February 18, 1860, the Adirondac Estate did not come into possession of the property of its predecessor, the Lake Ontario, until August 13, 1860, when it acquired an undivided three-fifths interest, and on September 26, 1860, when it acquired the remaining two-fifths interest.

The Adirondac Estate retained possession of its property until June 9, 1862, when it passed into possession of a receiver due to inability to meet its obligations. The property was held by several receivers, and was finally sold by order of the court and conveyed to Albert N. Cheney on December 16, 1862. Cheney reconveyed the property by deeds dated December 26, 1862, and November 11, 1863, to purchasers who incorporated it as the Adirondack Company.

### Development of Fixed Physical Property

During the life of the Adirondac Estate no construction was undertaken except some grading, nothing being added to the Physical property of its predecessor, so that there was conveyed to its successor the identical property that it had acquired.

At November 11, 1863, the railroad property of the Adirondac Estate consisted of that which it had acquired from the Lake Ontario and the additional rights given to it by its articles of incorporation to construct a railroad from Ogdensburg, to a connection with its line in Essex county, N. Y., and other branch lines. In addition to the railroad property, however, it has acquired the residue of lands in Warren, Hamilton, Herkimer, Franklin, Essex and Lewis counties, a portion of which the Lake Ontario had previously acquired through preemption rights granted to it by the state of New York.

### History of Corporate Financing

The articles of association authorized the Adirondac Estate to issue capital stock not to exceed \$15,000,000, divided into shares of \$100 each. The obtainable records do not disclose the amount of capital stock issued or the amount outstanding on date of demise. No mention is made of the capital stock and funded debt of the predecessor company, the Lake Ontario, nor to the issue, assumption or retirement of any funded debt by the Adirondac Estate.

[fol. 127] Judgments were secured against the Adirondac Estate by Albert N. Cheney for \$90,579.94, and by Hezron A. Johnson for

\$10,656.80, in February, 1862, for moneys advanced. The failure to pay these obligations and the court costs resulted in the appointment of the receiver.

#### Aids, Gifts, Grants, and Donations

The obtainable records state that the Lake Ontario was granted preemption rights of selecting and purchasing 250,000 acres of land from the state of New York at 5 cents per acre. The residue of these lands was acquired by the Adirondac Estate, and by the terms of the act the lands were exempt from taxes until September 12, 1879. This matter is more fully discussed in the report of the Lake Ontario.

#### Result of Corporate Operations

The Adirondac Estate did not complete its projected railroad prior to date of demise, which precludes a statement of its income and profit and loss accounts.

#### Investment in Road and Equipment

The obtainable records do not show the investment in road and equipment.

#### Original Cost to Date

The original cost to date of the common-carrier property owned by the Adirondac Estate on date of demise cannot be ascertained owing to the absence of accounting records. The last published report of the Adirondac Estate, for September 30, 1861, states that the cost of road and equipment was \$283,593.62, consisting of:

|                                     |                  |
|-------------------------------------|------------------|
| Land, land damages and fences ..... | \$270,000.00     |
| Engineering and agencies .....      | 13,593.62        |
| Total .....                         | <hr/> 283,593.62 |

A report to the State Engineer of New York, made by its predecessor, the Lake Ontario, for the year 1858, shows an investment in road, exclusive of discount on bonds issued, of \$3,420,899.35. It could not be determined whether this amount includes the \$283,593.62 above referred to, or whether the latter amount is additional thereto.

#### Miscellaneous Physical Property

At its demise the Adirondac Estate owned the lands it had acquired under preemption rights, but the records list no investment in miscellaneous physical property.

[fol. 128] The Lake Ontario and Hudson River Railroad Company

(The Lake Ontario)

Predecessor of the Adirondac Estate

### Introductory

There are no obtainable records of the Lake Ontario and the information here submitted was taken from the laws of New York, the State Engineers' Reports on Railroads, and from the returns of the carrier on corporate history.

### Corporate History

The Lake Ontario was a New York corporation, incorporated as Sackets Harbor and Saratoga Railroad Company, under a special act of New York, April 10, 1848, for the purpose of constructing, operating and maintaining a railroad from Sackets Harbor, on Lake Ontario, to a connection with the Saratoga "in the town of Milton, or in the town of Saratoga Springs, N. Y." a distance of about 182 miles. The original act of incorporation was amended by a special act of March 29, 1851, extending to the company the provisions of the General Railroad Law of 1850, and was further augmented by special act of April 15, 1853. The name was changed to that first mentioned by a special act dated April 6, 1857, and the line originally projected was extended from its southern terminus "to tide-water at, in or near Troy or Albany, N. Y."

The Lake Ontario defaulted in its interest obligations, and on February 23, 1860, its property and franchises were sold under foreclosure proceedings to Alrick Hubbell, et al., who in turn re-conveyed the property and franchises to the Adirondac Estate.

### Development of Fixed Physical Property

At its demise, the property of the Lake Ontario consisted of a projected railroad from Sackets Harbor, to Albany, or Troy, N. Y., a distance of about 182 miles. The obtainable records indicate that construction of the road was begun in 1852, but that only part of the grading had been done prior to the sale of the property.

### History of Corporate Financing

Capital Stock.—The articles of association authorized the issue of capital stock of \$2,500,000, divided into shares of \$100 each, but this amount was subsequently increased to \$6,000,000. There are no records to show the amount of capital stock issued and outstanding on date of demise. The last report of the Lake Ontario, published in the State Engineers' Report on Railroads for the year 1858, states that the amount of capital stock subscribed was \$5,461,100, of which there had been paid in cash \$555,186.

**Funded Debt.**—The funded debt of the Lake Ontario was \$4,000,000, consisting of 7 per cent bonds issued September 12, 1854, payable August 1, 1879. These bonds were secured, not only by the property of the company used for its purposes as a common carrier, [fol. 129] but also by lands which had been acquired from the state of New York.

The obtainable records show that there was issued \$970,000 par value of these bonds for unknown considerations at a discount of \$76,639.32; and that during the year 1855, there was retired \$100,000 par value, being part of the amount paid on a contract from iron which was cancelled.

#### Aids, Gifts, Grants, and Donations

Under the special act by which the Lake Ontario was incorporated, it acquired preemption rights of selecting and purchasing 250,000 acres of state lands in the counties of Herkimer and Hamilton at 5 cents per acre, contingent upon the sum of construction expenditures made east of Carthage, N. Y., and under a special act, passed March 13, 1857, "all the land acquired on existing contracts, or existing preemption rights, not used for carrier purposes, shall be free and exempt from all taxation until September 12, 1879." The last obtainable report of the Lake Ontario to the state of New York states that it had paid to the state for land granted to it the sum of \$7,000.

#### Result of Corporate Operations

The railroad of the Lake Ontario had not been completed prior to its demise, which precludes a statement of its income and profit and loss accounts.

#### Investment in Road and Equipment

The report to the State Engineer of New York for the year 1858 states the investment in road and equipment as \$3,675,858.67. A statement of the expenditures, as classified in its report to the State Engineer, is shown below:

|   |              |
|---|--------------|
| Engineering and agencies.....   | \$208,490.47 |
| Land, land damages and fences.....  | 59,377.06    |
| Graduation and masonry.....   | 2,231,930.46 |
| Superstructure, including iron.....   | 533,580.00   |
| Bridges.....  | 181,869.55   |
| Passenger and freight stations, buildings and fixtures,<br>engine and car houses, machine shops, machinery<br>and fixtures..... | 51,570.00    |
| Locomotives and fixtures and snow plows.....  | 64,460.00    |
| Freight and other cars.....   | 87,000.00    |
| Passenger and baggage cars.....   | 26,860.00    |
| Interest.....   | 154,081.81   |
| Discount on bonds.....  | 76,639.32    |
| Total.....  | 3,675,858.67 |

If the discount on the bonds, \$76,639.32, be eliminated, the balance in the report of expenditures would be decreased to \$3,599,219.35.

### Original Cost to Date

The original cost, either of each piece of property or of the property [fol. 130] as a whole, owned by the Lake Ontario and used for its purposes as a common carrier at February 23, 1860, could not be ascertained owing to the absence of its accounting records and those of the contractors who constructed its original road. In its sworn report to the Railroad Commission of New York for September 30, 1858, the cost of the road, exclusive of equipment is shown as \$3,420,899.35.

### Miscellaneous Physical Property

At its demise the Lake Ontario owned the lands acquired under preemption rights, as hereinbefore stated, but the records list no investments in miscellaneous physical property.

### Schenectady and Duanesburgh Railroad Company

#### (The Duanesburgh)

#### Predecessor of the Carrier

#### Introductory

There are no obtainable accounting records of the Duanesburgh, and the information here submitted was taken from the minute book, the laws of New York, the sworn reports of the company rendered to the state of New York, and from the returns of the carrier on corporate history.

#### Corporate History

The Duanesburgh was incorporated July 10, 1873, under the general laws of New York, and is a reorganization of the Susquehanna. The latter having defaulted in the payment of the principal and interest of its bonds of 1872, the property was sold under foreclosure to Daniel D. Campbell, who in turn reconveyed it to the Duanesburgh by deed dated July 12, 1873. The articles of association provided the Duanesburgh with an existence of 50 years, which was terminated by merger of its property with that of the carrier August 4, 1903, under a certificate of merger of that date.

### Development of Fixed Physical Property

At August 4, 1903, the date of demise, the Duanesburgh owned about 14.189 miles of single track, standard gauge railroad, extending from a connection with the Saratoga at Schenectady, to Delanson, a connection with the Albany. The entire road is located in Schenectady county, N. Y., and is the same road constructed by the

Albany and acquired by the Duanesburgh at the time of reorganization.

### History of Corporate Financing

The obtainable records indicate that the Duanesburgh had issued a total of \$950,900 in stocks and in bonds. Of this amount \$600,900 [fol. 131] was outstanding on date of demise. Of the securities outstanding, \$100,900 were in capital stock and \$500,000 in mortgage bonds.

**Capital Stock.**—The authorized capital stock was \$300,000, divided into shares of \$100 each and classed as common stock. Of this amount \$100,900 was issued to Daniel D. Campbell, et al., as part consideration for the property of the Albany, and this amount was outstanding at date of demise.

**Funded Debt.**—There were two issues of funded debt, as follows:

|                                       |           |
|---------------------------------------|-----------|
| 20-year 7 per cent bonds of 1870..... | \$350,000 |
| First-mortgage bonds of 1874.....     | 500,000   |

Twenty-year 7 per cent mortgage bonds, dated March 1, 1870, amounting to \$350,000, were issued by the Albany in 1870 and were payable in 1890. In the reorganization of that company, the Duanesburgh assumed these bonds as part consideration for the property. They were retired in 1874 by the issue of \$385,000 of the first-mortgage bonds of the Duanesburgh.

First-mortgage 50-year 6 per cent bonds, dated September 1, 1874, amounting to \$500,000, were issued by the Duanesburgh for refunding and general purposes and are payable September 1, 1924, and the interest was guaranteed by the carrier. There was issued \$385,000 par value, at a discount of \$35,000, in the retirement of the bonds of the Albany assumed by the Duanesburgh in the acquisition of the property of that company. The rate of exchange was on the basis of \$1,100 of the bonds of this issue in retirement of each \$1,000 of the bonds of the Albany. The remaining \$115,000 was issued in part payment of the property acquired from the Albany, the details of which are not of record. On date of demise, all of the bonds were outstanding.

**Advances.**—The carrier operated the property of the Duanesburgh from July 12, 1873, to date of demise, and during this period made cash advances for improvements amounting to \$179,546.08, which was charged to this company in open account. During the same period there was credited to this amount \$12,591.28, leaving a balance on date of demise, of \$166,954.80.

### Result of Corporate Operations

The Duanesburgh never operated its property. It was operated by the carrier from July 12, 1873, to June 30, 1874, under an agreement dated July 25, 1872, and from June 30, 1874, to April 28, 1899,



under an agreement dated June 30, 1874. The latter agreement was assigned to the carrier and was effective from April 28, 1899, to August 4, 1903. The first lease provided that the lessee pay as rental a proportion of the earnings, while the last lease provided that the lessee pay as rental the interest on the first-mortgage bonds of the Duaneburgh, which were not to exceed \$500,000. Due to the absence of details in the records, it is not possible to submit a statement of the income and profit and loss accounts.

[fol. 132] Investment in Road and Equipment

The Duaneburgh owned no equipment. The investment in road, including land, on date of demise, is shown by the obtainable records to have been \$767,854.80, made up as follows:

Road Acquired

The Company:

|  |              |
|--|--------------|
| Par value of capital stock issued..... | \$100,000.00 |
| Par value of funded debt assumed.....  | 350,000.00   |
| Par value of funded debt issued.....   | 115,000.00   |

Additions and betterments:

|  |            |
|--|------------|
| Recorded cash expenditures made by the lessee for road ..... | 166,954.80 |
|--|------------|

Other items not in accord with our present accounting rules:

|                                     |           |
|-------------------------------------|-----------|
| Discount on funded debt issued..... | 35,000.00 |
|-------------------------------------|-----------|

|             |                   |
|-------------|-------------------|
| Total ..... | <u>767,854.80</u> |
|-------------|-------------------|

If the debit of \$35,000 in "Other items" be eliminated, the balance in the investment in road and equipment account would be decreased to \$732,854.80, comprising the following outlays:

|                            |              |
|----------------------------|--------------|
| Recorded money outlay..... | \$166,954.80 |
| Capital stock issued.....  | 100,000.00   |
| Funded debt assumed.....   | 350,000.00   |
| Funded debt issued.....    | 115,000.00   |

Original Cost to Date

The original cost to date of the common-carrier property owned or used by the Duaneburgh on date of demise, can not be definitely ascertained owing to the absence of the accounting records of the Albany and those of the contractor who constructed the original road of that company. The railroad of the Duaneburgh was the identical road constructed by the Albany, so if there be added the outlays made by the lessee for additions and betterments to those

reported as the outlays for the property in the report on the Albany, the combined outlay will be as follows:

| Made by         | Cash         | Securities |
|-----------------|--------------|------------|
| The Albany..... | .....        | \$600,000  |
| The lessee..... | \$166,954.80 | .....      |

### Leased Railway Property

The property of the Duaneburgh was leased from July 12, 1873, to June 30, 1874, and from June 30, 1874, to April 28, 1899, to the carrier. The last lease was assigned to the carrier and continued in effect until August 4, 1903. The obtainable records are meager in details of the rental received by the Duaneburgh for its property. Under the first lease it received a proportion of the revenues, and under the last lease the lessee paid the interest on its first-mortgage bonds not to exceed \$500,000.

[fol. 133] The Schenectady & Susquehanna Rail Road Company

(The Schenectady)

Predecessor of the Duaneburgh

### Introductory

There are no obtainable accounting records of the Schenectady, and the information here submitted was taken from the articles of association, the laws of New York, the sworn reports of the Schenectady rendered to the State Engineer of New York, and from the returns of the carrier on corporate history.

### Corporate History

The Schenectady, a New York corporation, was incorporated under the general laws of that state on December 27, 1869, for the purpose of constructing, maintaining and operating a railroad from Schenectady to Delanson, N. Y., and connecting with the Albany at Delanson and the Saratoga at Schenectady. The property was sold under a judgment of foreclosure dated May 27, 1873, and was conveyed to Daniel B. Campbell by deed dated July 10, 1873.

### Development of Fixed Physical Property

On July 10, 1873, the Schenectady owned a single track, standard gauge, railroad extending from Schenectady to Delanson, N. Y., about 14.189 miles. About 3 miles of the railroad were constructed in 1871 under unknown conditions. Construction was suspended in February 1871, and resumed in September 1871. The entire road was completed and placed in operation about August 19, 1872.

## History of Corporate Financing

The obtainable records indicate that the Schenectady issued capital obligations amounting to \$600,000, consisting of \$200,000 capital stock and \$400,000 funded debt, all of which was outstanding on July 10, 1873.

**Capital Stock.**—The authorized capital stock of the Schenectady was \$225,000, divided into shares of \$100 each and classed as common stock. Of this amount, \$200,000 had been issued and was outstanding on July 10, 1873. Due to the absence of details in the records, it is not possible to state the considerations received for the issued.

**Funded Debt.**—There were two issues of funded debt, as follows:

|  |           |
|--|-----------|
| 20-year 7 per cent mortgage bonds of 1870..... | \$350,000 |
| 1-year 7 per cent mortgage bonds of 1872.....  | 50,000    |
| Total .....                                    | 400,000   |

Twenty-year 7 per cent mortgage bonds, dated May 1, 1870, amounting to \$350,000, were issued and were outstanding on July 10, 1873. The records do not indicate the purpose for which they [fol. 134] were issued. They were payable in 20 years from May 1, 1870, with interest at 7 per cent. Due to the absence of details in the records, it is not possible to give a statement concerning the considerations received for the issues.

One-year 7 per cent mortgage bonds, dated May 1, 1872, amounting to \$50,000, were issued and were outstanding on July 10, 1873. They were apparently issued to secure funds for temporary financing, as they were payable one year from date of issue. There are no records from which it is possible to make a statement concerning the consideration received for the issues.

**Advances.**—The carrier operated the Schenectady from completion to July 10, 1873, and during this period made cash expenditures amounting to \$11,170.48 for supplies, labor, real estate, etc., which was charged to the Schenectady in open account. There was credited to this account during the same period \$8,129.58 for rents due the Schenectady, leaving a balance due the carrier of \$3,040.90. This balance appears on the books of the carrier, but was not taken into account by the Schenectady.

## Result of Corporate Operations

The Schenectady never operated its property. From its completion to July 10, 1873, it was operated by the carrier, under agreement dated July 25, 1872. Under the terms of this agreement, the lessee was to pay 40 per cent of the gross revenue. The records of the lessee list \$8,129.58 as rents credited to the Schenectady from August 1872, to July 10, 1873, and this amount was applied against the expenditures made by the lessee for account of the Schenectady. There are no records from which a statement of the income and profit and loss can be presented.

A default in the payment of the principal and interest of the Schenectady's one-year 7 per cent mortgage bonds of 1872 resulted in the judgment and foreclosure May 27, 1873, under which its property was finally transferred at July 10, 1873.

### Investment in Road and Equipment

The Schenectady owned no equipment. The investment in the road, including land, on July 10, 1873, is shown by the obtainable records to have been \$600,000, made up as follows:

#### Road Construction:

|  |           |
|--|-----------|
| Par value of capital stock issued..... | \$200,000 |
| Par value of funded debt issued.....   | 400,000   |
| Total .....                            | 600,000   |

#### Original Cost to Date

The original cost to date of the common-carrier property owned and used by the Schenectady at July 10, 1873, cannot be definitely ascertained owing to the absence of the accounting records of the Schenectady and those of the contractor who constructed its original road. The only information pertaining to the cost of this property to July 10, 1873, is contained in the preceding paragraph relating to the investment in road.

[fol. 135] The New York and Canada Railroad Company

(The New York)

Predecessor of the Carrier

#### Introductory

The New York maintained accounting records for the period March 15, 1873, to December 31, 1874, only, and the greater part of the information submitted herewith has been taken from the laws of New York, the return on corporate history, and the accounting records of the carrier.

#### Corporate History

The New York was incorporated under the general laws of New York and by a special act of April 15, 1873, and is a consolidation of the Montreal, the Whitehall, and the New York of 1872, under an agreement dated February 25, 1873, filed with the Secretary of State on April 8, and made effective by the special act of April 15, 1873.

The incorporators of the New York were identified with the interests of the carrier, and their purpose was to form by consolidation

and construction a through line or railroad from Whitehall to Rouse's Point, N. Y., and there to connect with The Grand Trunk Railway Company. The corporate existence of the New York ceased at May 23, 1908, when its property was merged and consolidated with that of the carrier.

### Development of Fixed Physical Property

At its demise, the New York owned about 149.169 miles of single track, standard gauge railroad located in the state of New York. The main line extended from Lake Station, near Whitehall, to the New York-Canada line, about 112.749 miles, with the three branch lines as follows:

Baldwin branch: Montcalm Landing to Baldwin, about 4.77 miles.

Ausable branch: Ausable Forks to South Junction, about 18.87 miles.

Mooers branch: Canada Junction to New York-Canada line, about 12.78 miles.

The road owned by the New York was acquired as follows:

#### By merger:

##### The Montreal:

|  | Date acquired  | Mileage |
|--|----------------|---------|
| Pittsburg to Canada Junction.....        | April 15, 1873 | 23.000  |
| Canada Junction to New York-Canada line. |                |         |

##### The Whitehall:

|  |                |        |
|--|----------------|--------|
| Fort Ticonderoga to Port Henry.....                                  | April 15, 1873 | 15.000 |
| [fol. 136] Ausable River, near Ausable Forks, to South Junction..... | April 15, 1873 | 21.000 |

#### By construction:

|  |      |          |
|--|------|----------|
| Lake Station to Fort Ticonderoga.....      | 1873 | } 90.169 |
| Port Henry to South Junction.....          | 1875 |          |
| Montcalm Landing to Baldwin.....           | 1875 |          |
| Canada Junction to Rouse's Point.....      | 1876 |          |
| Ausable River to Ausable Forks.....        | 1894 |          |
| Rouse's Point to New York-Canada line..... | 1906 |          |

Total ..... 149.169

The branch road from Ausable River, near Ausable Forks, to South Junction was a part of the original road of the Whitehall which was acquired April 15, 1873, by the New York. It was extended from Ausable River to Ausable Forks, a distance of about 1.18 miles by the carrier in 1894, at a cost of \$10,327.11.

The property owned by the New York, other than that acquired through the merger of April 15, 1873, was constructed for it by the carrier under an agreement dated March 26, 1872, amended March 11, 1874, and February 20, 1878. This agreement provided that the lessee would construct and equip the additional railroad required and receive as consideration the bonds of the lessor company at 90 and capital stock at 75. It further provided that upon completion the road would be leased to the carrier in perpetuity. The additional road was constructed under contracts between the carrier and independent contractors and was opened for operation from Lake Station, Whitehall, to Rouse's Point, December 1, 1875, by using about 12 miles of the railroad of The Ogdensburgh and Lake Champlain Rail Road Company between Mooers Junction and Rouse's Point. The line from Canada Junction, or Chazy, to Rouse's Point, about 13 miles, was completed and placed in operation about July 1, 1876, and the extension from Ausable River to Ausable Forks was completed and placed in operation in 1894. In 1906, the carrier extended the line from Rouse's Point to the New York-Canada line, about 1.10 miles.

### History of Corporate Financing

The financial transactions of the New York were conducted for it by the carrier, either directly or through its agents, and the accounting records of the latter reflect these transactions.

The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on date of demise:

| Description                                     | Originally issued | Retirements    | Outstanding |
|---|-------------------|----------------|-------------|
| Capital stock.....                              | \$9,000,000.00    | .....          | \$9,000,000 |
| Funded debt.....                                | 5,000,000.00      | \$5,000,000.00 | .....       |
| Nonnegotiable debt to<br>affiliated companies.. | 14,508,018.07     | 14,508,018.07  | .....       |
| Total .....                                     | 28,508,018.07     | 19,508,018.07  | 9,000,000   |

[fol. 137] The par value of securities issued and the recorded considerations received therefor follows:

| Par value issued | Considerations                 | Recorded<br>value received |
|------------------|--------------------------------|----------------------------|
| \$6,195,985.49   | Cash .....                     | \$6,195,985.49             |
| 8,849,932.58     | Construction or property ..... | 8,732,582.58               |
| 13,247,700.00    | Advances by lessee .....       | 12,472,700.00              |
| 165,000.00       | Exchanged for town bonds ..... | 165,000.00                 |
| 49,400.00        | Not ascertainable .....        | 49,400.00                  |
| 28,508,018.07    | Total .....                    | 27,615,638.07              |

The difference of \$892,350 between the par value issued and the recorded amount of considerations received consists of:

|  |              |
|--|--------------|
| Discount on capital stock .....                | \$492,350.00 |
| Discount on first-mortgage sterling bonds..... | 400,000.00   |
| Total .....                                    | 892,350.00   |

The discount on capital stock consists of two items, as follows:

|   |           |
|---|-----------|
| Discount on \$469,400 par value of capital stock issued at 75 in the acquisition of the properties of the Montreal and the Whitehall .....                      | \$107,350 |
| Discount on \$1,500,000 par value of capital stock that was issued to the carrier at 75 in part settlement of advances, as per agreement of March 26, 1872..... | 375,000   |
| Total .....   | 492,350   |

The \$400,000 was the discount on \$4,000,000 par value of first-mortgage sterling bonds issued by the New York at 90 in part settlement of advances as per agreement of March 26, 1872. The obtainable records of the New York and the carrier do not state what disposition was made of these discount items.

Securities of a par value of \$19,508,018.07 were retired and the recorded considerations given were as follows:

| Par value retired | Considerations                   | Recorded value paid |
|-------------------|----------------------------------|---------------------|
| \$11,870,318.07   | Cash .....                       | \$11,789,737.31     |
| 2,872,700.00      | Exchanged for capital stock..... | 2,872,700.00        |
| 4,600,000.00      | Exchanged for funded debt.....   | 4,600,000.00        |
| 165,000.00        | Exchanged for town bonds.....    | 165,000.00          |
| 19,508,018.07     | Total .....                      | 19,427,437.31       |

The difference of \$80,580.76 between the par value retired and the recorded value paid consists of the difference between the par value of the first-mortgage sterling bonds, originally set up at the rate of exchange of \$5 for each pound sterling, and the cash given by the carrier to the English bankers in the retirement of the bonds at [fol. 138] maturity at a lesser rate of exchange, as hereinafter described. The records do not indicate what disposition was made of this difference.

Capital Stock.—The entire amount of common stock authorized, \$4,000,000, was issued, at a discount of \$492,350, for total considerations of \$3,507,650. The character of the considerations received were:

|   |           |
|---|-----------|
| Cash, in the issue of stock at par.....                         | \$36,700  |
| Advances, for which a par value of \$3,247,700 was issued ..... | 2,872,700 |
| Property, for which a par value of \$501,200 was issued..       | 383,850   |
| Bonds of various townships .....                                | 165,000   |
| Unascertainable .....   | 49,400    |
| Total .....   | 3,507,650 |

Preferred stock amounting to \$5,000,000 was authorized. This stock was preferred both as to principal and as to dividends, which were non-cumulative at 5 per cent. The entire amount was issued to reimburse the carrier for cash advances.

Funded Debt.—First-mortgage 30-year 6 per cent sterling bonds, dated May 1, 1874, amounting to 800,000 pounds sterling, were issued by the New York for the purpose of securing funds to complete its railroad. The bonds were delivered to the carrier at 90, at the exchange rate of \$5 for each pound sterling, making the cash proceeds received \$3,600,000, as hereinbefore described. The carrier sold the bonds through Baring Bros. & Co., Ltd., of London, Eng. They were retired at maturity with cash amounting to \$3,899,095. In addition, \$19,496 was paid the English bankers as commission and \$828.24 on the exchange purchased, making the entire expense for retiring the bonds \$3,919,419.24. The disposition in the accounts of the \$80,580.76 difference between the par value retired and the recorded value paid could not be ascertained.

Debenture 8-year 4½ per cent bonds, dated May 1, 1896, due May 1, 1904, amounting to \$1,000,000, were issued to the carrier in part payment of cash advances and were retired at maturity with a like amount of cash.

Nonnegotiable Debt.—Nonnegotiable debt to affiliated companies was incurred by the receipt of cash advances from the carrier for construction and other purposes, amounting to \$14,508,018.07. This amount was subsequently retired with \$6,870,318.07 cash and \$7,637,700 of securities issued.

Increase or Decrease of Securities in Any Reorganization.—The consolidation of several predecessors to form the New York resulted in a decrease in capital liabilities, the exact amount of which it is not possible to state due to the absence of accounting records. The obtainable records indicate that both the Montreal and the Whitehall had issues of funded debt outstanding at demise that were not considered in the agreement of consolidation. The New York issued a par value of \$501,250 of its capital stock for the property of its predecessors. The basis of exchange for the retirement of the stock of the demised companies was two shares of the new company for each [fol. 139] 100 shares of the Whitehall, and one share of new stock for two shares of the Montreal. Since the Whitehall had an authorized issue of \$1,250,000 of capital stock, and the Montreal an issue of \$1,000,000, it may be said that there was a reduction in the stocks and bonds in the hands of the public by this consolidation.

#### Aids, Gifts, Grants, and Donations

Under a special act of New York, dated April 3, 1872, entitled, "An Act to facilitate the construction of the New York and Canada Railroad, and extending thereto the provisions of certain laws relating to the Whitehall and Plattsburgh Rail Road Company," the sum of \$70,390 was paid to the carrier and credited to the account of the New York, this being the balance due under the above act.

In addition to the above aid, several towns in New York subscribed



to the stock of the New York, giving their own bonds of the same amount. These were delivered to the carrier and credited to the account of the New York. The towns so subscribing and the amounts were:

|                         |                |
|-------------------------|----------------|
| Chesterfield, N. Y..... | \$25,000       |
| Plattsburg, N. Y.....   | 100,000        |
| Westport, N. Y.....     | 40,000         |
| Total .....             | <u>165,000</u> |

### Result of Corporate Operations

Under an agreement dated March 26, 1872, the property of the New York was leased in perpetuity to the carrier from the date of completion at an annual rental of 30 per cent of the gross earnings, and in the event that this amount was not sufficient to pay the interest on its funded debt the lessor was obligated to pay it. The proportion of such rental for the years 1873 to 1877, inclusive, amounted to \$391,664.22. After 1877, the lessee paid the interest on the funded debt of the New York and absorbed the earnings in its own accounts.

### Investment in Road and Equipment

On December 30, 1910, the investment in road and equipment account of the New York, as stated in the books of the carrier, showed a balance of \$8,732,582.58, which had been established as follows:

#### Roads acquired:

Recorded outlay in acquisition of the property of the Montreal and the Whitehall:

|  |                     |
|--|---------------------|
| Money outlay (cash advances made by carrier)                                 | \$713,141.47        |
| Capital stock of a par value of \$501,200, issued at an agreed value of..... | 383,850.00          |
| Total.....   | <u>1,096,991.47</u> |

|  |           |
|--|-----------|
| Less appraised value of equipment and supplies transferred to accounts of the carrier..... | 62,701.82 |
|--|-----------|

|                             |                     |
|-----------------------------|---------------------|
| Cost of roads acquired..... | <u>1,034,289.65</u> |
|-----------------------------|---------------------|

[fol. 140]

#### Additions and betterments:

|   |                     |
|---|---------------------|
| Money outlay (cash advances made by carrier)... | \$7,698,292.93      |
| Grand total .....                               | <u>8,732,582.58</u> |

The balance in the investment in road and equipment account, so far as it is resolvable into kinds of considerations, comprises the following classes of recorded outlay:

|  |              |
|--|--------------|
| Recorded money outlay.....   | 8,411,434.40 |
| Capital stock of a par value of \$501,200 issued at an agreed value of.....                                      | 383,850.00   |
| Less for equipment and supplies transferred not assignable to either of the classes of outlay above stated ..... | 62,701.82    |

### Original Cost to Date

The original cost to date of the common-carrier property owned and used by the New York on date of demise cannot be definitely ascertained owing to the absence of accounting records. There is no accounting record of the cost of about 23 miles originally built as the road of the Montreal, nor of the 36 miles originally built as the road of the Whitehall, nor of any expenditures made by the New York of 1872, though the latter constructed no road up to the date it was merged with the other two companies to form the New York. After this consolidation the last named company constructed about 90.169 miles of road and made extensive additions and betterments to the entire property to the date of its merger with the carrier, the outlays for which are recorded in the accounts of the latter. These outlays may be summarized as follows:

| Description of property acquired:  | Miles  | Recorded money outlay |
|--|--------|-----------------------|
| The Montreal:  |        |                       |
| Canada Junction to New York-   |        |                       |
| Canada line .....  | 23.000 |                       |
| The Whitehall:   |        |                       |
| Fort Ticonderoga to Port Henry...  | 15.000 |                       |
| Ausable River to South Junction...   | 21.000 |                       |
| Total mileage for which no original cost has been ascertained...                               | 59.000 |                       |
| Recorded money outlay by the carrier for the New York in the construction of the road between: |        |                       |
| Lake Station—Fort Ticonderoga...   | 90.169 | \$7,698,292.93        |
| Port Henry—South Junction.....   |        |                       |
| Montcalm Landing—Baldwin .....   |        |                       |
| Canada Junction—Rouses Point....   |        |                       |
| Ausable River—Ausable Forks.....   |        |                       |
| And additions and betterments to a and entire property exclusive of equipment.....             |        |                       |

In addition to the above, the carrier has charged to its own investment [fol. 141] in road an equipment account a total of \$153,524.91 for improvements to the property of the New York, expended during the years 1901 to 1903, inclusive.

### Leased Railway Property

The agreement of March 26, 1872, between the New York and the carrier provided that upon completion of the property of the former it would be leased to the latter in perpetuity. Under this agreement the carrier was to pay as annual rental an amount equal to 30 per cent of the gross earnings, and if this amount was not sufficient to pay all of the interest on the funded debt of the lessor the balance shall be paid by the carrier. At February 20, 1878, the New York leased all of its property to the carrier in perpetuity from July 1, 1876, under the same terms and conditions as set forth in the agreement of March 26, 1872. The lease further provided that the carrier should maintain and improve the property and that the lessor would issue to the carrier upon request, its securities in payment of such expenditures made by the latter.

On January 14, 1873, the Whitehall leased all of its property to the New York for a term of 999 years from that date. The obtainable records, however, do not state whether this lease was made effective although it was recorded in several of the counties of New York.

### The New York & Canada Railroad Company (The New York of 1872)

#### Predecessor of the New York

##### Introductory

There are no obtainable accounting records, the information herein contained having been taken from the laws of New York, the articles of association, and from the returns on corporate history of the carrier.

##### Corporate History

The New York of 1872 was incorporated under the general laws of New York, March 16, 1872, by interests identified with the carrier. Its corporate existence was continued until April 8, 1873, when it was merged and consolidated with the Whitehall and the Montreal to form the New York.

The purpose of the New York of 1872 was to construct, maintain and operate a railroad from Whitehall, along the western shore of Lake Champlain, to the New York-Canada line at or near Rouses Point, N. Y., a distance of about 114 miles. The carrier had secured under perpetual leases the properties of the Albany (February 24, 1870) and the Rensselaer (May 1, 1871), during the two years immediately preceding the incorporation of the New York of 1872.

and it was the purpose of the last named company to construct, [fol. 142] maintain and operate a railroad from a connection with the railroad of the Rensselaer at Whitehall, in a northerly direction along the western shores of Lake Champlain to a connection with the railroad of The Grand Trunk Railway Company at or near Rouses Point, on the New York-Canada line.

Its purpose as originally expressed was augmented by a special act passed March 25, 1873, which authorized it to build a branch road from its main line at Ticonderoga to the foot of Lake George, a distance of about 5 miles.

The consolidation of the New York of 1872 with others to form the New York was effected before the first named had completed the construction of its projected road.

### Development of Fixed Physical Property

As previously stated, the New York of 1872 did not complete the construction of its railroad from Whitehall to Rouses Point. On March 26, 1872, it entered into an agreement with the carrier under which the latter agreed to build and equip a railroad from Whitehall to the Canadian line within five years from that date, in payment for which the New York of 1872 would issue its first-mortgage bonds and capital stock. It was further agreed that upon completion of the road the New York of 1872 would lease its entire property to the carrier in perpetuity, at an annual rental of 30 per cent of the gross earnings. During the year 1872, the accounting records of the carrier list some expenditures for land, land damages and fences, graduation and masonry and bridges, trestles and culverts, but the work begun during the life of the New York of 1872 was completed during the life of its successor company, the New York.

### History of Corporate Financing

The articles of association authorized the New York of 1872 to issue \$3,000,000 of capital stock, divided into shares of \$100 each. The obtainable records do not indicate that any of this stock was issued, nor is there any evidence that the first-mortgage bonds referred to in the agreement of March 26, 1872 were ever issued.

No further information was obtainable.

### The Whitehall and Plattsburgh Railroad Company

#### (The Whitehall)

#### Predecessor of the New York

#### Introductory

There are no obtainable accounting records, the information here submitted having been taken from the laws of New York, the obtainable minute book, and from the returns of the carrier on corporate history.

The Whitehall was incorporated under the general laws of New York and by a special act passed March 20, 1868. Under its articles of association, which were filed February 16, 1866, authority was given to construct, maintain and operate a railroad from Whitehall to Plattsburg, N. Y., a distance of about 90 miles.

Under an agreement dated February 25, 1873, effective April 15, 1873, the Whitehall was merged and consolidated with the Montreal and the New York of 1872 to form the New York.

### Development of Fixed Physical Property

At its demise on April 15, 1873, the property of the Whitehall consisted of two unconnected, single track, standard gauge railroads, as follows:

|  | Miles |
|--|-------|
| Ausable River, near Ausable Forks, to Plattsburg, about..... | 21    |
| Fort Ticonderoga to Port Henry, about.....                   | 15    |
| Total .....  | 36    |

Both of these sections were constructed under unknown conditions, the former in 1869 and the latter in 1870.

### History of Corporate Financing.

The articles of association authorized capital stock not to exceed \$1,250,000, divided into shares of \$100 each. The obtainable records do not state what amount had been issued and was outstanding at the date of demise.

The lease of the property to the New York dated January 14, 1873, hereinafter referred to, states that the Whitehall had \$250,000 of mortgage bonds outstanding at the date of lease on which a rental of 7 per cent annually was received. It is not possible to make any further statement concerning its securities.

### Aids, Gifts, Grants, and Donations

Under an act approved March 20, 1867, the state of New York was authorized to pay to the treasurer of the Whitehall \$5,000 a mile and at that rate for any part of a mile, after the road shall have been constructed, not, however, to exceed 50 miles in all, the road to be completed within two years from the passage of the act. This act was amended in 1869 and 1871, extending the time of completion of the road and reappropriating the unexpended moneys for this aid in accordance with the original act.

In addition to the above, by an act approved May 9, 1867, any of the towns in the counties of Clinton and Essex, and the towns of Putnam, Whitehall and Dresden, in the county of Washington, were authorized to issue bonds for the payment of the capital stock

of the Whitehall to an amount not exceeding 20 per cent of the [fol. 144] assessed valuation of the real and personal property of the town. Such bonds were to be due and payable 30 years from date with interest at 7 per cent. The same act authorized the Whitehall to issue \$50,000 of bonds.

There are no records from which it is possible to ascertain the extent to which the counties and towns aided in the construction of the Whitehall under these acts.

### Result of Corporate Operations

The Whitehall has never operated its property. That portion of the road from Fort Ticonderoga to Port Henry was operated from completion to March 1, 1873, by the Vermont Central and the Vermont and Canada Railroads under agreements dated September 26, 1870, and January 30, 1871. The portion from Ausable River to Plattsburg was operated from completion to January 1, 1871, by the Montreal under an agreement dated May 1, 1869; from January 1, 1871, to January 30, 1871, by Rutland Railroad Company under an agreement dated January 23, 1871; and, from January 30, 1871, to March 1, 1873, by the Vermont Central and the Vermont and Canada Railroads under an agreement dated January 30, 1871. In addition to the above leases; the Whitehall leased its property to the New York for a period of 999 years from January 14, 1873. This lease was made subject to a certain lease to Rutland Railroad Company and a lease to the Montreal, and mentions the lease to the Addison Railroad Company for 999 years to the right of way from the New York-Vermont state line to a connection with the Whitehall. The lease of January 14, 1873, was recorded in Essex and Clinton counties, N. Y., in May and April of 1873, but the obtainable records do not state that the lease was made effective prior to the merger.

### The Montreal and Plattsburgh Railroad Company

(The Montreal)

Predecessor of the New York

### Introductory

There are no accounting or other corporate records, the information here submitted having been taken from the laws of New York and from the returns of the carrier on corporate history.

### Corporate History

The Montreal was incorporated under the general laws of New York and by a special act passed April 12, 1867, and is a reorganization following foreclosure sale of the Plattsburgh. The Property did not pass into the possession of the Montreal, however, until August 20, 1868. Under an agreement of February 25, 1873, effective April 15, 1873, the Montreal was merged and consolidated

with the New York of 1872 and the Whitehall to form the New York.

At its demise on April 15, 1873, the property of the Montreal consisted of a single track, standard gauge railroad, extending from [fol. 145] Plattsburg, N. Y., to the New York-Canada line, a distance of about 23 miles, that it had acquired from the Plattsburgh.

### History of Corporate Financing

The act of incorporation authorized capital stock of \$1,000,000, divided into shares of \$100 each. There are no records from which it is possible to make any further statement concerning the securities authorized or issued by the Montreal.

### Result of Corporate Operations

The Montreal was operated by its own organization from August 20, 1868 to January 1, 1871, and by the Vermont Central and Vermont and Canada Railroads from January 1, 1871, to March 1, 1873. During the latter period of operation, the property of the Montreal was under lease to Rutland Railroad Company from January 1, 1871, to January 30, 1871, and to the Vermont Central and Vermont and Canada Railroads from January 30, 1871, to March 1, 1873. The Montreal also operated the property of the Whitehall from Plattsburg to Ausable River from May 1, 1869, to January 1, 1871. The terms of these various leases and the results of operations are not of record.

### The Plattsburgh & Montreal Railroad Company

#### (The Plattsburgh)

### Predecessor of the Montreal

#### Introductory

There are no obtainable accounting records, the information herein contained having been taken from the minute book, the laws of New York, and from the returns of the carrier on corporate history.

### Corporate History

The Plattsburgh was incorporated under the laws of New York and by a special act passed April 7, 1849, but the articles of association were not filed until March 28, 1850. The act authorized the Plattsburgh to construct, maintain and operate a railroad from Plattsburgh, N. Y., to the Canada line.

The Plattsburgh defaulted in the payment of the interest on its first and second-mortgage bonds, in consequence of which its property was sold under foreclosure proceedings on September 24, 1857, to a committee representing the bondholders who held the property in trust until August 20, 1868. At the latter date, the property was conveyed to a committee representing the bondholders who had

previously incorporated themselves on April 12, 1867, as the Montreal. The property was transferred to the latter by deed of August 20, 1868.

[fol. 146]      Development of Fixed Physical Property

At its demise on August 20, 1868, the property of the Plattsburgh consisted of a single track, standard gauge railroad, extending from Plattsburg to the New York-Canada line, a distance of about 23 miles, all in the state of New York. This road was constructed under unknown conditions and opened for operation in sections as follows:

Plattsburg to Mooers Junction.....July 26, 1852.  
Mooers Junction to New York-Canada line.....September 20, 1852.

History of Corporate Financing

The act of incorporation authorized capital stock of \$500,000, divided into shares of \$50 each. In addition, the Plattsburgh was authorized by its stockholders to issue two series of long-term debt. First-mortgage bonds amounting to \$200,000 were authorized to provide means for completing the road and supplying the necessary equipment. These bonds were dated June 1, 1852, and were payable at June 1, 1862, with interest at 7 per cent. Second-mortgage bonds amounting to \$200,000 were authorized to secure funds for general purposes. This issue was dated July 15, 1853, and was payable August 1, 1868, with interest at 7 per cent.

Result of Corporate Operations

The Plattsburgh was operated by its own organization from completion to February 16, 1855; by Edward V. Price, lessee, under unknown conditions, from February 21, 1857, to August 20, 1868. There are no records from which it is possible to state the results from these operations.

No further information was obtainable.

[fol. 147]      Development of Fixed Physical Property

At its demise on August 20, 1868, the property of the Plattsburgh consisted of a single track, standard gauge railroad, extending from Plattsburg to the York-Canada line, a distance of about 23 miles, all in the state of New York. This road was constructed under unknown conditions and opened for operation in sections as follows:

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No further information was obtainable.

[fol. 148] The Cherry Valley, Sharon and Albany Railroad Company

(The Cherry Valley)

Predecessor of the Carrier

### Introductory

There are no accounting records for the Cherry Valley and the information here submitted is taken from the laws of New York, the minute book, sworn reports to the state of New York, and from the returns on corporate history and the accounting records of the carrier.

### Corporate History

The Cherry Valley was incorporated under a special act of New York dated April 10, 1860, as the Cherry Valley and Sprakers Railroad Company. This name was changed to Cherry Valley and Mohawk River Railroad Company by a special act of New York dated April 15, 1864, and again changed to that first mentioned by a special act of New York dated April 10, 1869.

The Cherry Valley was authorized by the original act to construct, operate and maintain a railroad from Cherry Valley to a connection with the line of The New York Central Railroad Company at Palatine, N. Y., about 15 miles. By the subsequent acts amending the original act, the Cherry Valley was authorized to extend its line in a southerly direction connecting with the Albany at Cobleskill, N. Y.

The property of the Cherry Valley was merged with that of the carrier on July 17, 1908, under a certificate merger dated July 16, 1908.

## Development of Fixed Physical Property

The sworn reports to the New York State Engineer indicate that the Cherry Valley owned at July 17, 1908, a single track, standard gauge railroad extending from Cherry Valley to Cherry Valley Junction, about 21.34 miles of road, construction of which had been undertaken during the years 1869 and 1870 under unknown conditions. At July 15, 1868, the Cherry Valley entered into an agreement with the Albany by which that company agreed to complete its road and take over the operation of it when completed. This agreement was assigned by the Albany to the carrier, under date of May 27, 1870, and the road was completed and placed in operation about June 1, 1870.

## History of Corporate Financing

The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on July 17, 1908:

| [fol. 149] Description                   | Originally<br>issued | Retired      | Outstanding  |
|--|----------------------|--------------|--------------|
| Capital stock .....                      | \$289,100.00         | .....        | \$289,100.00 |
| Two series of first mortgage bonds ..... | 525,000.00           | \$525,000.00 | .....        |
| Gold coin notes .....                    | 128,476.39           | 128,476.39   | .....        |
| Nonnegotiable debt ...                   | 672,750.00           | 220,512.30   | 452,237.07   |
| Total .....                              | 1,615,326.39         | 873,988.69   | 741,337.70   |

**Capital Stock, Common.**—The act of incorporation authorized originally an issue of capital stock not to exceed \$100,000, divided into shares of \$50 each. This authorization was increased by amendment on April 15, 1864, to \$500,000, and on April 10, 1866, to \$1,000,000. Of the amount authorized, \$289,100 was issued and outstanding on July 17, 1908. The consideration received for this issue of stock is not of record, but the report to the State Engineer of New York shows a like amount as part of the investment in road and equipment.

**Funded Debt.**—First-mortgage, 30-year, 7 per cent bonds, amounting to \$225,000, were authorized for the purpose of securing funds for the purchase of iron and completing the road. The minutes of July 12, 1869, state that \$201,500 par value of these bonds were delivered to Dabney, Morgan & Company as collateral security for \$128,476.39 gold coin notes payable in one year, and the remainder were authorized to be sold at not less than 90, but the subsequent records show that of the remainder, \$13,500, was held by the National Central Bank of Cherry Valley as collateral security for money advanced by that bank. The minutes of December 31, 1869, authorized the retirement of the outstanding bonds by another issue of bonds of the amount of \$300,000. It is not possible to state from

the records whether this issue of \$225,000 was retired by the second issue of bonds or from the proceeds of the same.

First-mortgage, 30 year, 7 per cent bonds, amounting to \$300,000, were authorized for refunding purposes and to secure additional funds for completing the road. The considerations received in the issue are not of record. The minutes of December 30, 1870, approve the sale of \$300,000 at 80. The first issue of \$225,000 of bonds, referred to above, may have been retired by this issue or from the proceeds of same. The entire amount, \$300,000, including the discount of \$60,000, is included in the report to the State Engineer of New York as part of the total representing the investment in road and equipment. These bonds were retired through the carrier for \$257,412.50, at a discount of \$42,587.50, and charged by that company to the Cherry Valley in open account.

Gold coin notes amounting to \$128,476.39 were issued to Dabney, Morgan & Company and were payable in one year. The considerations for the issues and retirements are not of record, but from the minutes of the Cherry Valley it is stated that the notes were issued for iron.

Advances.—As has been stated above, the Cherry Valley was completed by the carrier, and the latter also financed it to the date of merger, July 17, 1908. At June 30, 1907, the latest report to the New York State Engineer, the balance sheet statement lists \$452,237.70 as nonnegotiable debt to affiliated companies. This amount consists of the par value of the first-mortgage 30-year bonds, \$300,000, [fol. 150] that the carrier retired at maturity, and \$372,750 interest on these bonds paid by the carrier from 1883 to the date of retirement, less \$220,512.30 credited to the Cherry Valley as income from lease of road from 1883 to 1903.

### Result of Corporate Operations

As previously stated, the Cherry Valley entered into an agreement for the operation of its road by the Albany July 15, 1868, which agreement was subsequently assigned, May 27, 1870, to the carrier. Under this agreement, the Cherry Valley was to receive as rental one-half of the earnings after deducting the taxes. The carrier operated the property from June 1, 1870, to July 17, 1908, crediting the Cherry Valley in open account with its proportion of the earnings and charging it with the expenditures for completing the road, the additions and betterments made thereto, the interest paid on its funded debt, and some other unpaid expenses at the date of the lease. The records of the carrier show credits from operation of road amounting to \$108,708.51 from June, 1870, to December, 1879, and for the same period there are payments for interest on funded debt amounting to \$87,045. The net amount of \$21,663.51 was credited to the profit and loss account of the carrier. Subsequent charges and credits account of this operation during the period of 1879 to 1908 were not segregated on the books of the carrier.

The reports of the Cherry Valley to the Railroad Commission of New York are continuous from June 30, 1883, to June 30, 1903,

and state the income from lease of road as \$220,512.30 and the interest on funded debt for the same period as \$372,750, thus making a deficit of \$152,237.70, which is the profit and loss debit balance entered upon the balance sheet statement of June 30, 1907, the latest that was obtainable.

### Investment in Road and Equipment

The Cherry Valley owned no equipment. On September 30, 1908, the investment in road showed a balance of \$589,100, which had been established as follows:

|  |                |
|--|----------------|
| Par value of capital stock issued .....        | \$289,100      |
| Par Value of first-mortgage bonds issued ..... | 300,000        |
| Total .....                                    | <u>589,100</u> |

As hereinbefore stated, the total shown above includes a discount of \$60,000 incurred in the issue of a par value of \$300,000 of mortgage bonds at 80.

The Cherry Valley stated in its report to the New York State Engineer for 1870 that "a large part of the work was done under contract for a gross sum, such work embracing all the grading, fencing, masonry, bridging, etc.; said contract having been abandoned by the contractors before its completion, thereby leaving disputed claims, so that it is difficult to give the amount in exact terms for each portion of the work." A further statement is made that "The cost of the road was about \$600,000."

[fol. 151]

### Original Cost to Date

The original cost to date of the common-carrier property owned and used by the Cherry Valley on July 17, 1908, can not be definitely ascertained owing to the entire absence of accounting records of the Cherry Valley and those of the contractor who constructed the original road. In its sworn report to the Railroad Commission of New York for June 30, 1907, the cost of the road, exclusive of equipment, is shown as \$589,100, comprising its outlay in securities as hereinbefore stated.

The minutes of the Cherry Valley record the following expenditures made on account of construction:

| Classification                                       | Amount     |
|--|------------|
| Engineering .....                                    | \$9,973.13 |
| Land and land damages .....                          | 21,830.20  |
| Ties .....   | 31,020.75  |
| Iron .....   | 148,316.23 |
| Superstructures .....                                | 32,732.81  |
| Wood account .....                                   | 1,055.13   |
| Depots, engine and water houses .....                | 18,825.57  |
| Construction (not classified) .....                  | 211,102.19 |
| Taxes .....  | 23.24      |
| Interest on town bonds .....                         | 19,250.00  |
| Expenses account of sale of town bonds .....         | 1,476.43   |
| Expenses account of bonds and mortgages for iron.... | 625.25     |
| Personal expense accounts .....                      | 300.00     |
| Total .....  | 496,530.93 |

### Leased Railway Property

The property of the Cherry Valley was leased to the carrier until July 17, 1908, when it was merged with the property of the lessee. Under the terms of this lease, the lessor was to receive as rental one-half the earnings after deducting taxes as hereinbefore described.

### Lessor Companies

#### Albany and Susquehanna Railroad Company

#### Development of Fixed Physical Property

The records of the Albany indicate that preliminary surveys were begun in May, 1851, and grading and masonry for about 25 miles on the east end from Albany were commenced in 1853 under contract with independent contractors. Work was suspended in 1854, but was resumed in October, 1858, and finally completed in 1869. The property was placed in operation on the following dates:

| [fol. 152]                       |                    | Mileage |
|----------------------------------|--------------------|---------|
| Albany to Central Bridge.....    | September 16, 1863 | 36.20   |
| Central Bridge to Cobleskill.... | January 2, 1865    | 8.59    |
| Cobleskill to Richmondville....  | June 1, 1865       | 5.20    |
| Richmondville to Worcester....   | July 17, 1865      | 11.69   |
| Worcester to Schenevus.....      | August 7, 1865     | 5.00    |
| Schenevus to Oneonta.....        | August 28, 1865    | 15.097  |
| Oneonta to Otego.....            | January 23, 1866   | 8.01    |
| Otego to Unadilla.....           | March 21, 1866     | 9.20    |
| Unadilla to Sydney.....          | October 22, 1866   | 4.39    |
| Sydney to Bainbridge.....        | July 10, 1867      | 5.196   |
| Bainbridge to Afton.....         | November 11, 1867  | 5.792   |
| Afton to Harpursville.....       | December 25, 1867  | 5.776   |
| Harpursville to Binghamton...    | January 14, 1869   | 22.30   |
| Total .....                      |                    | 142.441 |

The road was originally constructed of a gauge wider than the present standard gauge, on account of its connection with the New York and Erie Railroad at Binghamton. The carrier in 1871 constructed a third rail so that standard gauge equipment might be used, subsequently changing the entire road to standard gauge and constructing a second track of about 95.330 miles between Delanson and Binghamton.

### History of Corporate Financing

The records of the Albany disclose no syndicating transactions.

The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on date of valuation:

| Description                                      | Issued      | Retired     | Outstanding |
|--|-------------|-------------|-------------|
| Capital stock.....                               | \$5,095,000 | \$1,595,000 | \$3,500,000 |
| Six series of mortgage bonds                     | 24,700,000  | 14,700,000  | 10,000,000  |
| Nonnegotiable debt to affiliated companies ..... | 7,500,000   | 7,500,000   | .....       |
| Total .....                                      | 37,295,000  | 23,795,000  | 13,500,000  |

Funded Debt.—The Albany issued and retired funded debt in exchange for the following considerations.

### Issued

| Par value      | Consideration                 | Recorded value |
|----------------|-------------------------------|----------------|
| \$5,462,406.56 | Cash .....                    | \$4,701,421.74 |
| 468,823.16     | Construction of property..... | 399,623.16     |
| 950,000.00     | Town bonds.....               | 950,000.00     |
| 1,595,000.00   | Capital stock.....            | 1,595,000.00   |
| 13,619,000.00  | Funded debt.....              | 13,619,000.00  |
| 70,000.00      | Notes payable.....            | 70,000.00      |
| 7,500,000.00   | Advances .....                | 7,500,000.00   |
| 128,450.00     | Services .....                | 128,450.00     |
| 1,320.28       | Interest .....                | 1,320.28       |
| 29,795,000.00  | Total .....                   | 28,964,815.18  |

[fol. 153] The difference of \$830,184.82 between the par value issued and the recorded amount of considerations received consists of:

|                                |              |              |
|--------------------------------|--------------|--------------|
| Discount on capital stock..... | \$341,541.62 |              |
| Discount on funded debt.....   | 597,438.24   |              |
|                                |              | \$938,979.86 |
| Premium on capital stock.....  |              | 108,795.04   |
| Net difference.....            |              | \$830,184.82 |

This difference was disposed of as follows:

Charged to:

|                                      |              |                   |
|--------------------------------------|--------------|-------------------|
| Investment in road and equipment.... | \$597,438.24 |                   |
| Profit and loss.....                 | 341,541.62   |                   |
|                                      |              | <u>938,979.86</u> |

Credited to:

|                                      |            |                   |
|--------------------------------------|------------|-------------------|
| Investment in road and equipment.... | 1,095.49   |                   |
| Profit and loss.....                 | 107,699.55 |                   |
|                                      |            | <u>108,795.04</u> |

|                  |  |                   |
|------------------|--|-------------------|
| Net charges..... |  | <u>830,184.82</u> |
|------------------|--|-------------------|

Securities of a par value of \$16,295,000 were retired with \$1,081,000 of cash and \$15,214,000 of other securities issued. The details of the individual issues of securities will be found in the accounting report hereinbefore referred to.

Nonnegotiable Debt to Affiliated Companies.—From 1870 to 1889, the carrier advanced the Albany in open account for additions and betterments \$7,500,000, which the latter retired at par by the issue of \$2,545,000 of common stock and \$4,955,000 of first-mortgage bonds.

Short-term Notes.—In addition to the foregoing the Albany, during the years 1865 to 1902, issued and retired short-term notes for temporary financing to the amount of \$3,055,036.27, for which the considerations received were \$2,760,434.94 cash, \$265,840.08 construction or property, and \$28,761.25 in payment of interest on funded debt. The entire amount was retired with \$2,985,036.27 cash and \$70,000 of capital stock.

### Results of Corporate Operations

Income Account.—The income account of the Albany for year ended on date of valuation, and for the period September 18, 1863, to date of valuation, follows:

| Operating income:                         | Year  | Period              |
|---|-------|---------------------|
| Railway operating revenues.....           | ..... | \$2,669,384.04      |
| Railway operating expenses.....           | ..... | <u>1,721,708.51</u> |
| Net revenue from railway operations ..... | ..... | 947,675.53          |
| Railway tax accruals.....                 | ..... | 37,066.38           |

## Nonoperating income:

|   | Year              | Period               |
|---|-------------------|----------------------|
| Income from lease of road.....                        | \$786,750.00      | 36,782,329.76        |
| Income from unfunded securities<br>and accounts.....  | 235.60            | 62,928.17            |
| Income from sinking and other re-<br>serve funds..... | 1,712.50          | 358,418.15           |
| Total .....   | <u>788,698.10</u> | <u>37,203,676.08</u> |

[fol. 154]

|                   |                   |                      |
|-------------------|-------------------|----------------------|
| Gross income..... | <u>788,698.10</u> | <u>38,114,285.23</u> |
|-------------------|-------------------|----------------------|

## Deductions from gross income:

|   |                   |                      |
|---|-------------------|----------------------|
| Miscellaneous tax accruals.....                   | 4,309.04          | 26,605.25            |
| Interest on funded debt.....                      | 350,000.00        | 24,262,498.31        |
| Interest on unfunded debt.....                    | .....             | 51,532.83            |
| Maintenance of investment organi-<br>zation ..... | 1,545.75          | 344,904.95           |
| Total .....                                       | <u>355,854.79</u> | <u>24,685,541.34</u> |
| Net income.....                                   | <u>432,843.31</u> | <u>13,428,743.89</u> |

## Disposition of net income:

|                                    |                   |                      |
|------------------------------------|-------------------|----------------------|
| Dividend appropriations of income. | <u>428,750.00</u> | <u>13,545,955.50</u> |
|------------------------------------|-------------------|----------------------|

## Income balance transferred to:

|                                |          |            |
|--------------------------------|----------|------------|
| Credit of profit and loss..... | 4,093.31 | .....      |
| Debit of profit and loss.....  | .....    | 117,211.61 |

If certain delayed income items in the profit and loss account were transferred to the income account for the entire period, there would be a credit balance of \$1,071,595.98 carried to profit and loss instead of the debit balance of \$117,211.61 shown above.

Profit and Loss Account.—The profit and loss account of the Albany on date of valuation follows:



|  | Credits        |                |
|--|----------------|----------------|
|  | Year           | Period         |
| Delayed income credits.....  |                | \$1,364,792.05 |
| Income from lease of road....  | \$1,350,512.36 |                |
| Refund of railway tax accruals   | 14,279.69      |                |
| Miscellaneous credits.....   |                | 192,624.37     |
| Capital stock, par value, surrendered by the carrier, account of amended lease.... | 50,000.00      |                |
| Adjustments of balance sheet accounts .....  | 19,171.20      |                |
| Amount allowed in suit of G. S. Marsh .....  | 6,268.76       |                |
| Proceeds from sale of U. S. Revenue stamps.....                                    | 169.11         |                |
| Land .....   | 8,700.00       |                |
| Materials .....  | 289.25         |                |
| Premium on capital stock sales:  |                |                |
| Forfeited stock..  | \$107,699.55   |                |
| Other stock.....   | 326.50         |                |
|  | 108,026.05     |                |
| Total .....  |                | 1,557,416.42   |

|   | Debits     |              |
|---|------------|--------------|
| Debit balance transferred from income.....                  |            | 117,211.61   |
| Stock discount extinguished through surplus.....            |            | 341,541.62   |
| Delayed income debits.....                                  |            | 175,984.46   |
| Railway operating expenses...                               | 175,984.46 |              |
| Miscellaneous debits.....                                   |            | 167,514.51   |
| Material inventory adjustments                              | 63,052.99  |              |
| Balance in open account against J. F. Ramsey, president.... | 97,461.52  |              |
| Loss on investment securities..                             | 7,000.00   |              |
| [fol. 155] Credit balance on date of valuation.....         |            | 755,164.22   |
| Total .....   |            | 1,557,416.42 |

#### Investment in Road and Equipment

On date of valuation, the investment in road and equipment, including land, is stated in the books of the Albany as \$14,200,766.55, which had been established as follows:

## Original construction:

Year

Period

|   |  |                |
|---|--|----------------|
| Money outlay, including notes payable subsequently retired with cash..... |  | \$5,650,117.03 |
| Capital stock issued.....   |  | 114,823.16     |
| Funded debt issued.....   |  | 249,600.00     |
| Town bonds exchanged.....   |  | 60,100.00      |

|                           |  |              |
|---------------------------|--|--------------|
| Gross considerations..... |  | 6,074,640.19 |
|---------------------------|--|--------------|

Less:

|  |             |                  |
|--|-------------|------------------|
| Proceeds from sale of land and materials ..... | \$31,114.74 |                  |
| Amounts forfeited by contractor...             | 13,430.40   |                  |
|  |             | <u>44,545.14</u> |

|                        |  |              |
|------------------------|--|--------------|
| Net construction ..... |  | 6,030,095.05 |
|------------------------|--|--------------|

## Additions and betterments:

Road:

|   |  |              |
|---|--|--------------|
| Money outlay, (cash expenditures made by the carrier) ..... |  | 3,533,728.53 |
|---|--|--------------|

Equipment:

|  |              |  |
|--|--------------|--|
| Money outlay, (including \$3,966,271.47 cash expenditures made by the carrier) ..... | 4,723,031.74 |  |
| Second-mortgage bonds issued.....  | 35,200.00    |  |

|             |  |                     |
|-------------|--|---------------------|
| Total ..... |  | <u>8,291,960.27</u> |
|-------------|--|---------------------|

Other items, not in accord with our present accounting rules:

Credits:

|  |              |                   |
|--|--------------|-------------------|
| Donations received from state of New York..... | \$750,000.00 |                   |
| Donations received from individuals .....      | 1,725.00     |                   |
|  |              | <u>721,725.00</u> |

| Debits:  | Year        | Period        |
|--|-------------|---------------|
| Discount on securities issued<br>(\$597,438.24) less \$1,095.49<br>of installments on capital<br>stock forfeited.....    | 596,342.75  |               |
| Commission allowed J. H.<br>Ramsey, president, for serv-<br>ices in securing \$900,000 of<br>town bonds, at 2 per cent.. | 18,000.00   |               |
| Loss on town bonds disposed of   | 500.00      |               |
| Commission allowed Cuggar<br>and Hand for services in se-<br>curing the issue of Albany<br>city bonds.....               | 1,000.00    |               |
| Bonus allowed Baker and De<br>Graff, contractors, for com-<br>pleting track laying by Sep-<br>tember 1, 1865.....        | 2,000.00    |               |
| [fol. 156]   |             |               |
| Payments made to sinking<br>fund for retirement of Al-<br>bany city bonds.....   | \$10,000.00 |               |
| Net amount of old accounts<br>written off.....   | 2,593.48    |               |
|  | 630,436.23  |               |
| Net credits.....   |             | 121,288.77    |
| Grand total.....   |             | 14,200,766.55 |

If the credits in "Other items" were restored and the debits therein eliminated, the balance in the account would be increased to \$14,322,055.32, and, so far as it is resolvable into the kinds of consideration, would comprise the following classes of recorded outlays:

|                            |                 |
|----------------------------|-----------------|
| Recorded money outlay..... | \$13,906,877.30 |
| Capital stock issued.....  | 114,823.16      |
| Funded debt issued.....    | 284,800.00      |
| Town bonds exchanged.....  | 60,100.00       |

Less deductions not assignable specifically to  
any one or more of the classes of outlay  
above stated:

|   |           |
|---|-----------|
| Proceeds from sale of land and materials..... | 31,114.74 |
| Accounts forfeited by contractor.....         | 13,430.40 |

The balance mentioned above may include the cost of lands classified as noncarrier and the original cost of certain land sold, the proceeds of which were credited to profit and loss. It may also include

an indeterminable amount representing that part of the cost of property disposed of, in excess of the credits made to the account for proceeds from sales.

#### Original Cost to Date

**Cost of Lands.**—The Albany reports the original cost of all lands owned, including both carrier and noncarrier lands, as \$470,962.98. In verifying the returns, \$20,424.56 was deducted as not constituting land costs. The resulting balance of \$450,538.42, made up in part of costs supported by accounting records and in part of substantial deed considerations and other amounts, which the carrier claims to represent costs but which are not supported by accounting records, may be classified as follows:

| Classification  | Costs supported by accounting records | Amounts not supported by accounting records |
|---|---------------------------------------|---|
| Carrier lands owned but leased to the carrier.....            | \$444,726.07                          | \$3,923.70                                  |
| Rights in private lands; owned but leased to the carrier..... | 754.35                                | 632.30                                      |
| Lands classified as noncarrier, owned                         | 502.00                                | .....                                       |

[fol. 157]

#### Leased Railway Property

The property of the Albany was leased February 24, 1870, for the term of its charter, to the year 2001, to the carrier. That agreement was amended on March 7, 1876. The terms of the lease and the rental accrued for the year ending on date of valuation are given in the chapter on "Leased railway property" of the report on the carrier.

#### The Rensselaer and Saratoga Rail Road Company

The accounting and other records of the Rensselaer were destroyed by fire on May 10, 1862. From that date to January 1, 1868, the books of accounts are incomplete. Information contained in this report pertaining to the period prior to the latter date has been compiled from the Rensselaer's sworn reports to the New York state engineer, its corporate records, and the return on corporate history made by the carrier.

#### Corporate History

The corporations whose franchises and properties have gone to make up the present company, and the dates of the changes in those several corporations, are shown in the following table:

| Symbol No. | Corporate name                              | Date of incorporation                        | State  | Date of acquisition by successor                                  |
|------------|---|--|--------|---|
| 1          | Rensselaer.....                             | April 14, 1832...                            | N. Y.. | Present company.  |
| 2          | Glens Falls.....                            | July 20, 1867...                             | N. Y.. | Acquired by No. 1, July 31, 1906.                                 |
| 3          | Salem .....                                 | June 3, 1865...                              | N. Y.. | Acquired by No. 1, October 20, 1868.                              |
| 4          | The Salem & Rutland Rail Road Company.      | February 1, 1867...                          | Vt.... | Acquired by No. 1, October 20, 1868.                              |
| 5          | The Rutland & Washington Rail Road Company. | November 13, 1847...<br>November 12, 1849... | Vt.... | Portion of property in New York acquired by No. 3, June 30, 1865. |
|            |   |  |        | Portion of property in Vermont acquired by No. 4, June 30, 1865.  |
| 6          | Troy .....                                  | July 2, 2, 1849...                           | N. Y.. | Acquired by No. 3, June 3, 1865.                                  |
| 7          | Whitehall .....                             | June 7, 1855...                              | N. Y.. | Acquired by No. 1, October 20, 1868.                              |
| 8          | Saratoga and Washington Rail Road Company.  | May 2, 1854...                               | N. Y.. | Acquired by No. 7, June 8, 1855.                                  |
| 9          | Saratoga and Fort Edward Rail Road Company. | April 17, 1832...                            | N. Y.. | Acquired by No. 8, on date unknown.                               |

### [fol. 158] Development of Fixed Physical Property

The property owned or held under perpetual lease by the Rensselaer on date of valuation was acquired as follows:

| Road constructed:               | Date           | Miles         |
|---------------------------------|----------------|---------------|
| Troy to Ballston Spa.....       | March 19, 1836 | 25.150        |
| Watervliet to Green Island..... | 1873           | 1.080         |
| Glens Falls to Lake George..... | 1882           | 9.060         |
| Total .....                     |                | <u>35.290</u> |

#### Roads acquired:

##### Saratoga and Whitehall Railroad:

|  |                  |        |
|--|------------------|--------|
| Saratoga Springs to Whitehall.....             | October 20, 1868 | 40.950 |
| Whitehall to New York-Vermont state line ..... | October 20, 1868 | 6.500  |

##### Troy, Salem and Rutland Railroad:

|   |                  |        |
|---|------------------|--------|
| Eagle Bridge to New York-Vermont state line ..... | October 20, 1868 | 32.400 |
|---|------------------|--------|

| Glen Falls Railroad:                             |       | Date     | Miles   |
|--|-------|----------|---------|
| Fort Edward to Glens Falls.....                  | July  | 31, 1906 | 5.400   |
| Total .....                                      |       |          | 85.340  |
| Grand total owned.....                           |       |          | 120.630 |
| Road held under perpetual lease:                 |       |          |         |
| Salem and Rutland Railroad:                      |       |          |         |
| New York-Vermont state line to Rutland, Vt. .... | March | 19, 1867 | 33.074  |
| Total mileage owned or held under lease.....     |       |          | 153.704 |

### History of Corporate Financing

The records of the Rensselaer disclose no syndicating transactions.

The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on date of valuation:

| Description              | Originally issued | Retired   | Outstanding  |
|--------------------------|-------------------|-----------|--------------|
| Capital stock.....       | \$10,000,000      | .....     | \$10,000,000 |
| Funded debt issued.....  | 2,750,000         | \$750,000 | 2,000,000    |
| Funded debt assumed..... | 1,025,000         | 1,025,000 | .....        |
| Nonnegotiable debt.....  | 4,000,000         | 4,000,000 | .....        |
| Total .....              | 17,775,000        | 5,775,000 | 12,000,000   |

**Capital Stock.**—A par value of \$610,000 was issued for which the considerations received could not be ascertained. A par value of \$3,159,750 was issued for \$1,159,612.50 cash, the discount of \$2,000,137.50 being disposed of in the accounts as hereinafter described. The balance of \$6,230,250 was issued at par for the following considerations:

|                                     |             |
|-------------------------------------|-------------|
| (fol. 159) Property .....           | \$1,300,000 |
| Other debt retired (advances) ..... | 4,000,000   |
| Securities of other companies.....  | 347,250     |
| Bonus to stockholders .....         | 400,000     |
| Stock dividend .....                | 183,000     |
| Total .....                         | 6,230,250   |

**Funded Debt.**—The available sources of information show the Rensselaer to have had, since July 1, 1853, five issues of funded debt and three others assumed in the acquisition of property. What issues, if any, were made prior to July 1, 1853, cannot be ascertained due to the absence of all accounting records for that period.

The purposes for which the capital securities were issued and the apparent considerations received therefor appear to have been, as shown by the records:

### Issued or Assumed

| Par value         | Consideration  | Recorded value       |
|-------------------|--|----------------------|
| \$3,467,750       | Cash .....   | \$1,435,992.50       |
| 6,299,000         | Property .....   | 5,018,900.00         |
| 5,775,000         | Other debt retired .....   | 5,775,000.00         |
| 598,250           | Securities of other companies .....  | 598,250.00           |
| 183,000           | Stock dividend .....   | .....                |
| 400,000           | Stock bonus to stockholders .....  | .....                |
| 135,000           | Settlement of current liability due carrier .....  | 121,500.00           |
| 75,000            | Without consideration (issued to carrier in return for latter's guarantee of Rensselaer's funded debt) ..... | .....                |
| 842,000           | Unascertainable .....  | 841,575.00           |
| <u>17,775,000</u> | <b>Total</b> .....   | <u>14,790,217.50</u> |

The difference of \$2,984,782.50 between the par value issued or assumed, and the recorded value of the considerations received, consists of:

|  |                     |
|--|---------------------|
| Discount on capital stock .....                    | \$2,000,137.50      |
| Discount on funded debt .....                      | 45,545.00           |
| Stock dividend .....                               | 183,000.00          |
| Stock bonus .....                                  | 400,000.00          |
| Funded debt issued without consideration .....     | 75,000.00           |
| Issued to the treasury and subsequently sold ..... | 281,100.00          |
| <b>Total</b> .....                                 | <u>2,984,782.50</u> |

The disposition of the stock dividend of \$183,000 could not be determined from the records. The balance of \$2,801,782.50 was disposed of as stated below:

### Charged to—

|  |              |
|--|--------------|
| Income .....                               | \$70.00      |
| Profit and loss .....                      | 340,661.83   |
| Investment in road and equipment .....     | 1,997,138.07 |
| Open account "Consolidation account" ..... | 463,912.60   |

[fol. 160] The nature of the entries comprising the "Consolidation account" cannot be ascertained owing to the absence of accounting records. The account, at September 30, 1867, the earliest obtainable record, contained a credit balance of \$471,912.60. This account was subsequently charged with \$8,000, representing the value of inventoried equipment of the Salem, which was missing at the time

of the consolidation, thus making a credit balance of \$463,912.60, which was closed out in 1871 by charging the account with a like amount of the discount on capital stock.

The details of the individual issues of securities will be found in the accounting report hereinbefore referred to.

**Nonnegotiable Debt to Affiliated Companies.**—From 1871 to 1892, the carrier made *improvements to the property of the Rensselaer* amounting to \$4,000,000, charging the latter in open account. The Rensselaer issued a like amount of capital stock in repayment.

**Short-term Notes.**—In addition to the foregoing, the Rensselaer, during the years 1868 to date of valuation, issued and retired short-term notes for temporary financing aggregating \$455,084.84, for which the considerations received were \$107,484.65 cash and \$347,600.19 in settlement of current liabilities. The entire amount was retired with a like amount of cash. There is no record of notes prior to 1868.

### Result of Corporate Operations

**Income Account.**—The income account of the Rensselaer for the year ending on date of valuation, and for the period October 1, 1866, to date of valuation, follows:

| Operating income:                                  | Year       | Period         |
|--|------------|----------------|
| Railway operating revenues .....                   | .....      | \$6,769,680.99 |
| Railway operating expenses .....                   | .....      | 4,666,678.25   |
| Net revenue from railway operations.....           | .....      | 2,103,002.74   |
| Railway tax accruals .....                         | .....      | 340,774.86     |
| Railway operating income..                         | .....      | 1,762,227.88   |
| Nonoperating income:                               |            |                |
| Hire of equipment.....                             | .....      | 5,431.91       |
| Joint facility rent income.....                    | .....      | 53,058.27      |
| Income from lease of road.....                     | \$1,000.00 | 44,750.00      |
| Miscellaneous rent income.....                     | 800.00     | 33,400.00      |
| Dividend income .....                              | .....      | 70,062.87      |
| Income from funded securities....                  | 2,897.11   | 75,181.33      |
| Income from unfunded securities and accounts ..... | .....      | 52,931.93      |
| Total.....   | 4,697.11   | 334,816.91     |
| Gross income .....                                 | 4,697.11   | 2,097,044.19   |



|  | Year      | Period       |
|--|-----------|--------------|
| Deductions from gross income:                                |           |              |
| Hire of equipment.....                                       |           | 3,388.86     |
| Joint facility rents.....                                    |           | 7,500.00     |
| Rent for leased roads.....                                   |           | 366,079.49   |
| Miscellaneous rents.....                                     |           | 9,383.97     |
| [fol. 161]   |           |              |
| Miscellaneous tax accruals.....                              |           | 22,857.20    |
| Interest on unfunded debt.....                               | 888.60    | 549,333.45   |
| Maintenance of investment organization.....                  | 9,756.73  | 155,994.88   |
| Total.....   | 10,645.33 | 1,114,537.85 |
| Net income.....  |           | 982,506.34   |
| Net loss.....  | 5,948.22  |              |
| Income balance transferred to credit of profit and loss..... |           | 982,506.34   |
| Debit of profit and loss.....                                | 5,948.22  |              |

If certain delayed income items in the profit and loss account were transferred to the income account for the entire period, the credit balance carried to profit and loss would be increased to \$985,001.16.

Profit and Loss Account.—The profit and loss account of the Rensselaer, on date of valuation, follows:

| Credits  |              |              |
|--|--------------|--------------|
| Credit balance transferred from income.....  |              | \$982,506.34 |
| For period Oct. 1, 1866, to April 30, 1871.....  | \$993,911.00 |              |
| Less deficit for period May 1, 1871, to date of valuation..  | 11,404.66    |              |
| Delayed income credits.....  |              | 11,562.30    |
| Railway operating revenues....   | 318.30       |              |
| Dividend income.....   | 11,244.00    |              |
| Miscellaneous credits.....   |              | 396,553.23   |
| Proceeds from sale of old material.....  | 41,795.07    |              |
| Collection of old accounts.....  | 1,213.63     |              |
| Adjustment of balance sheet accounts.....  | 116,576.25   |              |
| Refund by New York Central and Hudson River R. R. Co. of one-third of cost of depot grounds at Schenectady, N. Y.... | \$7,777.32   |              |

|   | Year       | Period       |
|---|------------|--------------|
| Less proportion paid to lessee . . . . .                    | 3,888.66   |              |
| Profit on sale of investment securities . . . . .           | 3,888.66   |              |
| Adjustment of book value of investment securities . . . . . | 3,806.57   |              |
| Credit balance to Sept. 30, 1866—details not available.     | 195.00     |              |
|   | 229,078.05 |              |
| Total . . . . .   |            | 1,390,621.87 |

[fol. 162]

## Debits

|   |            |              |
|---|------------|--------------|
| Dividend appropriations of surplus  |            | \$874,750.00 |
| Stock discount extinguished through surplus . . . . .                             |            | 299,086.83   |
| Debt discount extinguished through surplus . . . . .                              |            | 41,575.00    |
| Delayed income debits—railway operating expenses . . . . .                        |            | 9,067.48     |
| Miscellaneous debits . . . . .  |            | 112,516.09   |
| Adjustment of balance sheet accounts . . . . .                                    | \$7,089.29 |              |
| Counterfeit money—written off . . . . .   | 45.00      |              |
| Liabilities of the Whitehall assumed in the acquisition of its property . . . . . | 35.76      |              |
| Uncollectible accounts—written off . . . . .                                      | 1,709.66   |              |
| Depreciation on equipment, written off . . . . .                                  | 26,892.51  |              |
| Refund of excess insurance collected on cars destroyed . . . . .                  | 122.62     |              |
| Unexplained cash payments . . . . .   | 10,757.59  |              |
| Loss on investment securities . . . . .   | 56,888.86  |              |
| Expenditures for land . . . . .   | 6,077.00   |              |
| Poultney, Vt. . . . .   | \$277      |              |
| Rutland, Vt. . . . .  | 300        |              |
| For extension of Glens Falls to Lake George . . . . .                             | \$15,500   |              |
| Less proportion paid by lessee . . . . .  | 10,000     |              |
|   | 5,500      |              |
| Adjustment of book value of investment securities . . . . .                       | 547.60     |              |
| Other . . . . .   | 2,350.20   |              |
| Credit balance on date of valuation . . . . .                                     |            | \$53,626.47  |
| Total . . . . .   |            | 1,390,621.87 |

## Investment in Road and Equipment

On date of valuation, the investment in road and equipment account of the Rensselaer showed a balance of \$11,524,552.13, which had been established as follows:

## Property acquired:

|   |              |                |
|---|--------------|----------------|
| Salem.....  |              | \$1,300,000.00 |
| Par value of capital stock issued   | \$800,000.00 |                |
| Par value of funded debt assumed.....   | 500,000.00   |                |
| Whitehall.....  |              | 900,000.00     |
| Par value of capital stock issued   | 218,900.00   |                |
| Par value of capital stock issued in cancellation of stock owned which had previously been acquired at a total cost of \$101,375 of cash and a par value of \$250,000 of mortgage bonds issued..... | 281,100.00   |                |
| Par value of funded debt assumed.....   | 400,000.00   |                |
| Glens Falls.....  |              | 372,321.77     |
| Recorded money outlay.....  | 273,321.77   |                |
| Cancellation of advances  | \$66,890.42  |                |
| Assumption of liability for advances made by the carrier....  | 206,431.35   |                |
| Par value of funded debt issued   | 99,000.00    |                |
| Total .....   |              | 2,572,321.77   |

[fol. 163]

## Road constructed:

|   |              |              |
|---|--------------|--------------|
| Recorded cost of road constructed to September 30, 1868, for which the character of considerations paid could not be determined due to the absence of accounting records..... |              | 1,707,321.32 |
| Road .....  | 1,227,986.32 |              |
| Equipment .....   | 479,335.00   |              |

## Additions and betterments:

## Recorded money outlay for road:

|                                |              |
|--------------------------------|--------------|
| Expenditures by the Rensselaer | 692,775.76   |
| Advances by the carrier.....   | 3,448,264.88 |

---

4,141,040.64

Less proceeds from sale of land  
and buildings .....

3,550.00

---

4,137,490.64

---

## Recorded money outlay for equipment:

|                                |            |
|--------------------------------|------------|
| Expenditures by the Rensselaer | 428,254.15 |
| Advances by the carrier.....   | 140,724.00 |

---

568,978.15

Less for retirements and depreciation written off.....

32,809.14

---

536,169.01

---

Total ..... 4,673,659.65

## Other items:

Apparent overcharge to construction at September 30, 1871, being unexplained difference between total of journal entry and amount posted in ledger .....

43,568.09

Apparent duplication of charge for acquiring the property of the Glens Falls, by setting up the original cost to date of that property in addition to the acquisition cost to the Rensselaer previously charged to this amount..

456,431.35

Amount purporting to represent cost of property of The Salem and Rutland Railroad Company, to which title was not obtained but which is held under lease in perpetuity.....

150,632.11

Par value of capital stock issued as bonus to stockholders to represent excess value of property acquired over securities issued for same...

400,000.00

Discount on capital stock issued...

1,237,138.07

Discount on funded debt issued...

3,900.00

|  |            |                     |
|--|------------|---------------------|
| Par value of bonds issued to secure the latter's guarantee of interest on funded debt of the lessor . . .  | 75,000.00  |                     |
| Liability assumed for advances made by the carrier for additions and betterments to the property of the Vermont prior to the assignment of lease by the Rensselaer | 204,579.77 |                     |
|  |            | <u>2,571,249.39</u> |
| Grand total . . . . .  |            | 11,524,552.13       |

[fol. 164] It the total of the "Other items", which are self-explanatory, be eliminated from the investment in road and equipment account, and a credit applied for the \$8,000 of bonds of the Salem received in lieu of an equivalent amount of equipment; and if the excess payment of \$70,275 for capital stock of the Whitehall, together with \$35.76 of liabilities of the latter assumed and charged to profit and loss, be added, the balance in the road and equipment account would be decreased to \$9,015,613.50.

This balance would comprise the following outlays:

|  |                |
|--|----------------|
| Recorded money outlay, including \$3,795,420.23  |                |
| of advances made by the carrier . . . . .  | \$5,084,715.56 |
| Par value of capital stock issued . . . . .  | 1,018,900.00   |
| Par value of bonds issued or assumed . . . . .   | 1,249,000.00   |
| Other charges not assignable specifically to any one or more of the classes of outlay above stated . . . . . | 1,707,357.08   |
| Less deductions not assignable specifically to any one or more of the classes of outlay above stated:        |                |
| Par value of bonds received . . . . .  | 8,000.00       |
| Proceeds from sale of land and buildings . . . . .   | 3,550.00       |
| Equipment retired including depreciation written off . . . . .   | 32,809.14      |

This balance does not include an expenditure of \$6,077 for land charged to profit and loss, nor a credit to the same account of \$3,888.66 for refund of part of the cost of depot grounds at Schenectady.

The balance may also include the cost of lands classified as non-carrier, and of lands classified as partly carrier and partly noncarrier. It may also include that part of the costs of property abandoned, sold, or destroyed, in excess of the credits made to the account for salvage, proceeds from sale, and loss from such property.

#### Original Cost to Date

The constituent parts of the stated outlays for road, classified according to the companies under which they were made, are shown in the following statement:

| Road  | Money outlay | Considerations unknown |              |
|---|--------------|------------------------|--------------|
|   |              | State reports          | Other        |
| Salem .....   | .....        | \$338,688.87           | .....        |
| Rutland (including cost of Salem and Rutland Railroad, leased in perpetuity) .....  | .....        | 1,213,507.19           | .....        |
| Whitehall .....   | \$4,105.19   | .....                  | .....        |
| Saratoga and Washington Railroad .....  | .....        | 1,757,238.06           | .....        |
| [fol. 165] Glens Falls:   |              |                        |              |
| Cash .....  | 273,321.77   | .....                  | .....        |
| Mortgage bonds issued.....  | .....        | .....                  | 100,000.00   |
| Excess of sworn report to state over known considerations .....   | .....        | 84,109.58              | .....        |
| Rensselaer:   |              |                        |              |
| Cash .....  | 4,141,040.64 | .....                  | .....        |
| Reported outlay to September 30, 1867, less credits from proceeds of sale of land and buildings .....                       | .....        | .....                  | 1,224,436.32 |
| Carrier:  |              |                        |              |
| Cash expenditures for improvements on leased railway property, charged to its investment in road and equipment account..... | 1,894,170.21 | .....                  | .....        |
| Total .....   | 6,312,637.81 | 3,393,543.70           | 1,323,436.32 |

These amounts do not include \$6,077 for land charged to profit and loss, nor the credit to the same account for \$3,888.66 representing refund of a portion of the cost of station grounds at Schenectady.

Cost of Lands.—The Rensselaer reports the original cost of all lands owned, including both carrier and noncarrier, as \$942,790.51. In verifying the returns a net deduction of \$143,689.04 was made as not properly constituting land costs. The resulting balance of \$799,101.47, made up in part of costs supported by accounting records and in part of substantial deed considerations and other amounts, which the Rensselaer claims to represent costs but which are not supported by accounting records, may be classified as follows:

| Classification   | Costs supported by accounting records | Costs not supported by accounting records |
|--|---------------------------------------|---|
| Carrier lands owned:   |                                       |   |
| Leased to the carrier:   |                                       |   |
| In New York .....  | \$347,741.59                          | \$336,288.63                              |
| In Vermont .....   | 11,533.00                             | 45,279.60                                 |
| Total .....  | <u>359,274.59</u>                     | <u>381,568.23</u>                         |
| Rights in public domain;<br>owned but leased to the<br>carrier:              |                                       |   |
| In New York .....  | <u>400.00</u>                         | <u>8,293.50</u>                           |
| Rights in private lands; owned<br>but leased to the carrier:                 |                                       |   |
| In Vermont .....   | <u>165.00</u>                         | <u>.....</u>                              |
| Lands classified as noncarrier:  |                                       |   |
| Owned in New York.....   | <u>4,521.75</u>                       | <u>10,962.00</u>                          |
| [fol. 166] Lands classified as partly<br>carrier and partly non-<br>carrier: |                                       |   |
| Owned in New York .....  | 22,535.91                             | 11,380.49                                 |

The foregoing amounts do not include certain lands, with costs of \$16,001.75, located on the line of the Saratoga, which are owned and used jointly with the carrier. These costs have been included in the report on the carrier.

#### Improvements on Leased Railway Property

The records of the Rensselaer show no investment in improvements on leased railway property. It expended through its lessee, the carrier, \$204,579.77 for additions and betterments to the property of the Vermont, formerly held by the Rensselaer under a lease, which was assigned to the carrier upon the latter's lease of the property of the Rensselaer. This expenditure was charged by the Rensselaer to its own investment in road and equipment account.

## Investments in Other Companies

The investment of the Rensselaer in other companies is shown in the text of the report. The book value was reduced to \$522,447.87, by adjustments of \$3,567.23 through profit and loss.

The stock owned by the Rensselaer in The Troy Union Railroad Company and The Champlain Transportation Company have been held by the carrier since May 1, 1871, by assignment under the terms and for the duration of the latter's lease of the Rensselaer's property.

In addition to the foregoing securities, the Rensselaer acquired with the property of the Salem the latter's holdings of capital stock of The Salem and Rutland Railroad Company of a par value of \$300,000. Inasmuch as the Rensselaer operates the property of the latter under a lease in perpetuity, it evidently ascribed no value to this stock and has omitted it from the general balance sheet statement.

## Leased Railway Property

The Rensselaer, in succeeding to the franchises, rights and privileges of the Salem, acquired a lease in perpetuity, free of rent, of The Salem and Rutland Railroad Company, extending from the New York-Vermont state line to Rutland, Vt., a distance of 33.074 miles. The property of the Rensselaer was leased on May 1, 1871, for the term of its charter to January 1, 2500, to the carrier. The terms of the lease and the rental accrued for the year ending on date of valuation are given in the chapter on "Leased railway property" of the report on the carrier. With this lease the carrier took over also the operation of The Salem and Rutland Railroad Company.

[fol. 167]      The Glens Falls Railroad Company

(The Glens Falls)

## Predecessors of the Rensselaer

### Introductory

There were no accounting or other records of the Glens Falls obtainable, and the information submitted herein was obtained from its sworn reports to the state of New York, and the records of the Rensselaer and of the carrier.

### Corporate History

The Glens Falls was incorporated July 26, 1867, under the general laws of New York. On July 31, 1906, it was merged into the Rensselaer. Prior to its merger, it was controlled by the latter company through ownership of its entire capital stock.



## Development of Fixed Physical Property

At its demise, the property of the Glens Falls consisted of a single track, standard gauge railroad extending from Fort Edward to Lake George, N. Y., approximately 14.46 miles. That portion of its road from Fort Edward to Glens Falls, N. Y., about 5.40 miles in length, was constructed during the year 1869, partly by independent contractors—Culver and Hatfield—under supervision of the Rensselaer, and partly by forces of the latter which acquired it upon completion, June 24, 1869.

During the year 1882, an extension of the road to Caldwell (now Lake George), N. Y., about 9.06 miles, authorized by a special act of New York of March 14, 1873, was constructed under contract with John O'Brien and John C. Rodgers, independent contractors. The cost of constructing the extension was assumed by the Rensselaer.

## History of Corporate Financing

The authorized capital stock was \$200,000, divided into shares of \$25 each. There was issued for unknown considerations \$96,600, and this amount was outstanding at demise of the Glens Falls.

The Glens Falls had an authorized funded debt consisting of \$125,000 of first-mortgage 7 per cent bonds, due July 1, 1894. These bonds were not issued by the Glens Falls and do not appear as a liability outstanding at date of demise. They were turned over to the Rensselaer, which had assumed the liability for the issue under the terms of its lease of the Glens Falls. The Rensselaer delivered a par value of \$99,000 of the bonds to Culver and Hatfield, contractors in the construction of the Glens Falls, and sold the balance of \$26,000 for \$22,100 cash, charging the discount of \$3,900 thus incurred to its own investment in road and equipment account.

## Aids, Gifts, Grants and Donations

The New York Legislature authorized the town of Queensbury and the villages of Sandy Hill and Fort Edward, subject to the approval of their taxable residents, to donate in aid of construction of the [fol. 168] Glens Falls certain sums not exceeding an aggregate amount of \$145,000, as follows:

|                                 |   |
|---------------------------------|---|
| Town of Queensbury, \$100,000,  | authorized May 15, 1867.  |
| Village of Sandy Hill, 25,000)  | { authorized May 23, 1867, and<br>amended March 18 and April<br>24, 1868. |
| Village of Fort Edward, 20,000) |   |

What amount, if any, of the authorized donations were received by the Glens Falls can not be ascertained.

## Investment in Road and Equipment

The sworn report of the Glens Falls to the Railroad Commission of New York for June 30, 1906, states the investment in road (the

company owned no equipment) as \$456,431.35. This amount is made up as follows:

|  |                   |
|--|-------------------|
| Original construction under contract ..... | \$250,000.00      |
| Additions and betterments .....            | 206,431.35        |
| Total .....                                | <u>456,431.35</u> |

This balance is comprised of the following elements:

|  |                  |
|--|------------------|
| Recorded money outlay .....  | \$273,321.77     |
| By the carrier .....   | \$206,431.35     |
| By the Rensselaer .....  | <u>66,890.42</u> |
| Funded debt issued by the Rensselaer, par value ....                 | 99,000.00        |
| Other, for which the considerations given were unascertainable ..... | <u>84,109.58</u> |

The accounting records of the carrier and the Rensselaer state that other money outlays were made in addition to those stated above that were charged in their respective accounts to profit and loss. These outlays were as follows:

|  |                 |
|--|-----------------|
| Preliminary surveys made in 1872 and 1873 .....                                | \$1,742.66      |
| Expenditures for land for extension of the<br>Glens Falls to Lake George ..... | \$15,500        |
| Less proportion paid by the carrier .....                                      | <u>10,000</u>   |
|  | 5,500.00        |
| Total .....  | <u>7,242.66</u> |

#### Original Cost to Date

The original cost to date of the common-carrier property owned and used by the Glens Falls at July 31, 1906, can not be definitely ascertained owing to the entire absence of the accounting records of the Glens Falls and those of the contractors who constructed the original road. In its sworn statement to the Railroad Commission of New York for June 30, 1906, the cost of the road, exclusive of equipment, is shown as \$456,431.35, comprising the outlays in money and securities hereinbefore stated.

The extension from Glens Falls to Lake George, about 9.06 miles, was constructed in 1882. A classified statement, taken from the records of the carrier, shows that these expenditures consisted of the following:

| [fol. 109]   | Classification | Amount     |
|--|----------------|------------|
| Engineering and agencies .....                     |                | \$5,954.82 |
| Land and land damages .....                        |                | 11,808.95  |
| Graduation and masonry .....                       |                | 73,213.51  |
| Bridges .....                                      |                | 400.00     |
| Superstructure .....                               |                | 71,395.09  |
| Fencing .....                                      |                | 6,305.97   |
| Telegraph line .....                               |                | 1,056.98   |
| Passenger and freight stations and buildings ..... |                | 21,337.27  |
| Engine and car houses and fixtures .....           |                | 1,349.18   |
| Water and fuel stations .....                      |                | 1,528.67   |
| Slips and wharves .....                            |                | 12,080.91  |
| Total .....  |                | 206,431.35 |

#### Leased Railway Property

The Rensselaer's lease of the Glens Falls was in consideration of an annual rental of \$1, the maintenance of the property, and the payment of taxes. The original lease, dated June 24, 1869, was superseded by a new lease of similar terms dated January 9, 1882, embracing the property as extended to Lake George.

#### The Troy, Salem & Rutland Railroad Company

(The Salem)

#### Introductory

There were no accounting or other records of the Salem obtainable, and the information herein submitted was secured from the return of the carrier on corporate history and the records of the Rensselaer.

#### Corporate History

The Salem was incorporated June 3, 1865, under the general laws of New York, for the purpose of acquiring the properties of the Troy and the Rutland, which had been sold in foreclosure of defaulted mortgages to Jay Gould and William T. Hart, respectively.

#### Development of Fixed Physical Property

The property acquired by Gould consists of a single track, standard gauge railroad extending from Eagle Bridge to Salem, N. Y., about 17.4 miles, and was conveyed to the Salem June 3, 1865. The property acquired by Hart was conveyed by him to the Salem June 30, 1865, and comprised approximately 15 miles of single track, standard gauge railroad between Salem and the New York-Vermont state line.

The railroad owned by the Salem was located entirely in the state of New York and was operated by the Rensselaer from the time

the Salem acquired it until October 20, 1868, when the Salem was merged with the Rensselaer, under an agreement dated June 15, 1865.

[fol. 170] The Salem on March 19, 1867, under a lease in perpetuity of even date, acquired the Salem and Rutland Railroad, extending from the New York-Vermont state line to Rutland, Vt., approximately 33.074 miles. It subsequently acquired the entire capital stock of the lessor, and on October 10, 1867, the latter released the Salem from all its obligations under the lease.

### History of Corporate Financing

The Salem issued capital obligations amounting to \$1,300,000, consisting of capital stock, \$800,000, divided into shares of \$100 each, and first-mortgage 7 per cent bonds due May 1, 1890, \$500,000, none of which was retired. The considerations received in issue is not of record. The considerations recited in the deeds from Jay Gould and William T. Hart conveying the properties formerly owned by the Troy and the Rutland were \$600,000 and \$400,000, respectively, in addition to which the Salem acquired capital stock of The Salem and Rutland Railroad Company with a total par value of \$300,000.

### Result of Corporate Operations

During the period that the Salem was operated under lease by the Rensselaer the latter paid the interest on the Salem's funded debt, maintained its property, and paid all taxes, and at its discretion paid dividends of the net profits from the operation.

### Investment in Road and Equipment

No statement of the Salem's investment in road and equipment at its demise can be made.

### Original Cost to date

The original cost to date of the common-carrier property owned and used by the Salem on date of demise can not be determined because of the lack of adequate records. As hereinbefore stated, the Salem's property consisted of the property of other companies acquired by it, the approximate cost of which is stated in the reports of the Salem's constituents. The cost of the railroad of the Troy to September 30, 1855, as shown in its sworn report to the New York State Engineer, was \$338,688.87. The cost of the railroad of the Rutland to September 30, 1853, including that portion in Vermont acquired by The Salem and Rutland Railroad Company, which can not be stated separately, was shown in its sworn report to the New York State Engineer as \$1,213,507.19. Combining these amounts, a total of \$1,552,196.06 is obtained, which amount includes the cost of The Salem and Rutland Railroad.

## Leased Railway Property

The Salem's lease of The Salem and Rutland Railroad, dated March 19, 1867, stipulated an annual rental of a three-eighths part of the lessee's net income, the maintenance of the property and the payment of taxes. The lessor, on October 22, 1867, released the lessee from all obligations under the terms of its lease. From the time it was acquired by the Salem, The Salem and Rutland Railroad was operated by the Rensselaer as part of the Salem's property.

[fol. 171] The Salem and Rutland Railroad Company

### Introductory

No accounting or other records of The Salem and Rutland Railroad Company were obtainable, and the information herein submitted was obtained from the returns of the carrier on corporate history.

### Corporate History

The Salem and Rutland Railroad Company was incorporated February 1, 1867, under the general laws of Vermont, and was formed to protect the first-mortgage bondholders of the Rutland. It acquired that portion of the latter's railroad in Vermont extending from the New York-Vermont state line to Rutland, Vt., about 33.074 miles, which by a decree of the chancery court for Rutland county, Vt., had been awarded the trustees of the first mortgage under a writ of possession by strict foreclosure dated April 22, 1865.

### Result of Corporate Operations

The records do not show that the company at any time operated its property. By a lease in perpetuity dated March 19, 1867, it conveyed its property to the Salem for an annual rental of a three-eighths part of the lessee's net income, the maintenance of the property and the payment of taxes. The lessee subsequently acquired the entire capital stock of The Salem and Rutland Railroad Company and, on October 10, 1867, the latter released the lessee from all its obligations under the terms of lease.

The Rensselaer upon its acquisition of the property of the Salem acquired the latter's rights in The Salem and Rutland Railroad Company and has since then operated its property.

### History of Corporate Financing

The authorized capital stock was \$300,000, divided into shares of \$50 each, and was issued in exchange for the first-mortgage bonds of the Rutland and in settlement of interest thereon due and unpaid.

## Investment in Road and Equipment

No statement of The Salem and Rutland Railroad Company's investment in road and equipment is obtainable. The company's property was formerly part of that of the Rutland, and its cost is included in the accounting report of the latter company.

## Leased Railway Property

The Salem and Rutland Railroad Company continues as a nominally existent corporation. The Rensselaer paying it a nominal annual amount for organization expenses.

[fol. 172] Rutland and Washington Railroad Company

(The Rutland)

## Introductory

No accounting or other records of the Rutland were obtainable. The information herein submitted was secured from its sworn reports to the Railroad Commission of Vermont and to the New York State Engineer, and from the return of the carrier on corporate history.

## Corporate History

The Rutland was incorporated under special laws of Vermont passed November 13, 1847, and November 12, 1849, by which it was authorized to construct a railroad from Rutland, Vt., to the New York-Vermont state line; and, under a perpetual lease, free of rent, dated June 24, 1850, it acquired the franchise rights of the Troy for the construction of a railroad from Salem, N. Y., to the New York-Vermont state line. It acquired by construction during the years 1851 and 1852 a single track, standard gauge railroad, extending from Salem to Rutland, about 48.074 miles, which is operated together with the Troy, acquired under lease, from July 2, 1852, until May, 1854, when the Rutland leased its property to Thomas H. Canfield. In May, 1855, in default of the payment of interest on its second and third mortgages, the Rutland was placed in receivership. While the records do not disclose the fact, the lessee of the Rutland apparently also operated the Troy until the latter was placed in receivership March 5, 1855.

Under sale, March 15, 1865, in foreclosure of the second and third mortgages, that portion of the Rutland's road within the state of New York extending from Salem to the New York-Vermont state line was acquired by William T. Hart, on behalf, of the Rutland's stockholders, by referee's deeds dated May 23, 1865. Under a decree of the Chancery Court for Rutland county, Vt., dated April 22, 1865, the trustees of the first mortgage were awarded a writ of possession by strict foreclosure of that portion of the road within the State of Vermont, extending from the New York-Vermont state line to

Rutland, Vt. The road acquired by Hart was conveyed on June 30, 1865, to the Salem, and that portion acquired by the first-mortgage bondholders became the property of The Salem and Rutland Railroad Company, which was incorporated February 1, 1857, to protect holders of the first-mortgage bonds of the Rutland.

### History of Corporate Financing

In its report to the Railroad Commission of Vermont, the Rutland states its capital stock as \$950,000, divided into shares of \$100 each, and that this amount was issued for a like amount of cash.

Funded debt was authorized for \$2,000,000, consisting of \$250,000 first-mortgage 6 per cent bonds, payable in annual installments of \$25,000 each, commencing July 1, 1855; \$550,000 second-mortgage 7 per cent convertible bonds, due October 1, 1867, with privilege of prior conversion into stock at par; and \$1,200,000 third-mortgage 6 per cent bonds, due April 1, 1875. The exact amount of funded debt issued can not be stated. The decree of the Court of Chancery for Rutland county, in foreclosure of the first mortgage, recites that \$225,000 of the first-mortgage bonds were issued at par in payment for rail used in construction, and that of the second-mortgage bonds, \$55,000 was actually issued and \$495,000 pledged. The consideration received in the issue, if any, of the \$25,000 remaining first-mortgage bonds and of the \$55,000 second-mortgage bonds is not of record.

In its report to the Railroad Commission of Vermont for the year ended August 31, 1856, the Rutland states that the purpose of the issue of \$1,200,000 third-mortgage bonds was to retire the outstanding funded debt by exchange at par and the payment of floating indebtedness. The amount issued can not be stated from obtainable records.

### Investment in Road and Equipment

In its report to the New York State Engineer for the year ended September 30, 1853, (the only report giving the information), the Rutland states its investment in road and equipment as \$1,440,907.19, made up of the following classification:

#### Road:

|   |                |
|---|----------------|
| Graduation, masonry, bridges and super-structure, including iron, as per contract ..... | \$1,156,322.09 |
| Passenger and freight stations, buildings and fixtures .....                            | 12,009.05      |
| Engine and car houses, machine shops, machinery and fixtures .....                      | 45,176.05      |
| Total .....   | 1,213,507.19   |

## Equipment:

|  |                            |
|--|----------------------------|
| Locomotives and fixtures, and snowplows..... | 73,000.00                  |
| Passenger and baggage cars .....             | 15,600.00                  |
| Freight and other cars .....                 | 138,800.00                 |
| Total .....                                  | <u>227,400.00</u>          |
| Grand total .....                            | <u><u>1,440,907.19</u></u> |

## Original Cost to Date

The original cost to date of the common-carrier property owned by the Rutland on June 30, 1865, can not be definitely ascertained owing to the entire absence of the accounting records of the Rutland and those of the contractor who constructed the original road. In its sworn report to the New York State Engineer for September 30, 1853, the cost of the road, exclusive of equipment, is shown as \$1,213,507.19, but the nature of the considerations given for the property are not of record.

## Leased Railway Property

During May, 1854, the Rutland leased its property for a term of five years to Thomas H. Canfield at an annual rental of \$70,000. In May, 1855, the lessee surrendered the property to the Rutland's receiver.

The Rutland, on July 2, 1852, leased the Troy, extending from Eagle Bridge to Salem, N. Y., about 17.4 miles, for a term of 47 years under an agreement dated June 17, 1852. The lease stipulated an annual rental of \$16,000, the maintenance of the property and the payment of taxes. The property was given up to the lessor's receiver March 5, 1855.

[fol. 174]

Troy &amp; Rutland Railroad Company

(The Troy)

## Introductory

There were no accounting or other records of the Troy obtainable and the information here submitted is taken from its sworn reports to the New York State Engineer and the returns of the carrier on corporate history.

## Corporate History

The Troy was incorporated July 2, 1849, under the general laws of New York and a special act of the New York Legislature passed April 10, 1849, by which it acquired a franchise to construct and operate a railroad from Troy, N. Y., to the New York-Vermont state line. By lease in perpetuity, free of rent, dated June 24, 1850, the



Troy conveyed its franchise rights for that portion of the railroad between Salem, N. Y., and the New York-Vermont state line to the Rutland Railroad Company.

The railroad constructed was located in the state of New York, and upon its completion was acquired by the Rutland under a lease for 47 years from July 2, 1852. The lessee operated the property until March 5, 1855, when the Troy, in default of interest payments on its second and third mortgage bonds, was placed in the hands of a receiver, who operated it from that date until June 3, 1865.

The property was sold July 11, 1863, in foreclosure of the second and third mortgages, and conveyed by referee's deed of the same date to Jay Gould in behalf of the respective bondholders, and on June 3, 1865, conveyed by him to the Salem.

### Development of Fixed Physical Property

The Troy constructed a single track, standard gauge railroad, extending from Eagle Bridge to Salem, N. Y., approximately 17.4 miles, which was completed in 1852.

### History of Corporate Financing

The Troy's reports to the New York State Engineer indicate that it issued capital obligations amounting to \$495,000, of which \$10,000 was retired, leaving \$485,000 outstanding at its demise. A summary of the issues and retirements, and the amount outstanding, together with a summary of considerations received and paid in retirement, is as follows:

| Description         | Issued    | Retired  | Outstanding |
|---------------------|-----------|----------|-------------|
| Capital stock ..... | \$325,000 | .....    | \$325,000   |
| Funded debt .....   | 170,000   | \$10,000 | 160,000     |
| Total .....         | 495,000   | 10,000   | 485,000     |

The authorized capital stock was \$325,000, divided into shares of \$100 each, and this amount was issued for unknown considerations. [fol. 175] Funded debt issued consisted of \$100,000 of first-mortgage 7 per cent bonds, due in annual installments of \$10,000 each from July 1, 1861; \$50,000 of second-mortgage 7 per cent bonds, due in annual installments of \$10,000 each from January 1, 1864; and \$20,000 third-mortgage 7 per cent bonds, due July 1, 1875. The considerations received in any issue can not be ascertained. Of the \$100,000 of first-mortgage bonds issued, \$10,000 was retired in 1861, apparently for cash.

### Investment in Road and Equipment

The Troy owned no equipment. The last report to the New York State Engineer for September 30, 1855, states the investment in road as \$338,688.87, and classifies this amount as follows:

|   |              |
|---|--------------|
| Construction by contract, including graduation and masonry, and bridges and superstructure..... | \$277,305.06 |
| Engineering and agencies .....  | 27,261.84    |
| Land, land damages and fences.....  | 31,227.73    |
| Buildings and fixtures .....  | 2,894.24     |
| Total .....   | 338,688.87   |

#### Original Cost to Date

The original cost to date of the common-carrier property owned and used by the Troy on June 3, 1865, can not be definitely ascertained owing to the entire absence of accounting records of the Troy and those of the contractors who constructed the original road. In its sworn report to the New York State Engineer for September 30, 1855, the cost of the road is shown as \$338,688.87, consisting of indeterminate outlays.

#### Leased Railway Property

The Troy leased its property to the Rutland for a term of 47 years from July 2, 1852, in consideration of an annual rental of \$16,000, the maintenance of the property and the payment of taxes. In addition, the Troy was to receive one-half of the net earnings of its lessee and the Northern, a connection of the lessee, in excess of 4 per cent on the combined cost of the three properties.

#### The Saratoga & Whitehall Railroad Company (The Whitehall)

##### Introductory

There are no accounting or other records of the Whitehall obtainable, and the information here submitted is taken from its sworn reports to the New York State Engineer, the records of its lessee, the Rensselaer, and the corporate history of the carrier.

[fol. 176]

##### Corporate History

The Whitehall was incorporated June 7, 1855, for a term of 99 years under the general laws of New York. The date of its organization is not of record. It was controlled by the Rensselaer, through the latter's ownership of 2,811 shares of its capital stock out of a total issue of 5,000 shares.

The Whitehall operated its property, together with that of the Ruthall, acquired from May 1, 1856, under perpetual lease until March 14, 1865, when the operation of both the Whitehall and its leased line was taken over by the Rensselaer by lease of the Whitehall and assignment of the latter's lease of the Ruthall.

Effective October 20, 1868, the property of the Whitehall was consolidated and merged with that of its lessee, the Rensselaer, under an agreement dated June 15, 1865, which, during the interim between its date and the consolidation and merger, operated as a lease, superseding that in force from March 14, 1865.

## Development of Fixed Physical Property

The Whitehall built no road, but acquired, subject to certain of its mortgage bonds, the property of the Washington, which had been sold under foreclosure of a defaulted second mortgage. The property acquired consisted of a single track, standard gauge railroad, extending from Saratoga Springs to Lake Station (Whitehall), N. Y., about 40.95 miles, with a branch line from Whitehall, to the New York-Vermont state line of about 6.59 miles in length, or a total of about 47.54 miles.

A summary of the mileage owned at demise and operated by the Whitehall prior to its lease to the Rensselaer, with the method of acquisition, is as follows:

| Property owned:   | Date acquired | Mileage |
|---|---------------|---------|
| Acquired in reorganization of The Washington:                       |               |         |
| Main line: Saratoga Springs to Lake Station (Whitehall), N. Y. .... | June 7, 1855  | 40.95   |
| Branch line: Whitehall, N. Y., to New York-Vermont state line ..... | June 7, 1855  | 6.59    |
| Total .....   |               | 47.54   |
| Property leased:  |               |         |
| The Ruthall: New York-Vermont state line to Castleton, Vt. ....     | May 1, 1856   | 6.79    |
| Total operated .....  |               | 54.11   |

## History of Corporate Financing

In its sworn report to the New York State Engineer, the Whitehall states that it issued and assumed capital obligations amounting to \$1,295,000, of which \$395,000 was retired, leaving \$900,000 outstanding.

[fol. 177] A summary of the issues and retirements, and the amount outstanding, together with the considerations received and paid in retirement, follows:

| Description         | Issued and assumed | Retired   | Outstanding |
|---------------------|--------------------|-----------|-------------|
| Capital stock ..... | \$500,000          | .....     | \$500,000   |
| Funded debt .....   | 795,000            | \$395,000 | 400,000     |
| Total .....         | 1,295,000          | 395,000   | 900,000     |

Capital Stock, Common.—In its sworn report to the New York State Engineer the Whitehall states authorized capital stock as \$500,000, and this amount was issued in the acquisition of the property of the Washington.

Funded Debt.—The Whitehall had four issues of funded debt, of

which three had been retired at October 20, 1868, leaving one outstanding. The detail of each issue follows:

The Washington first-mortgage 7 per cent bonds, due March 1, 1858; assumed and retired, \$250,000.

Rutland extension 7 per cent bonds, due September 1, 1856; assumed and retired, \$100,000.

These bonds were assumed in the acquisition of the Washington. These bonds, together with \$40,000 par value of the mortgage 7 per cent bonds of the Whitehall, were retired at par for \$355,000 cash and \$40,000 for unknown considerations, but due to the absence of accounting records it is not possible to state the considerations applicable to each of the series retired.

Mortgage 7 per cent bonds, due March 1, 1858; issued and retired, \$45,000.

A par value of \$36,531 of these bonds were issued in the acquisition of the Washington, and \$8,469 for a like amount of materials and supplies. The retirement was as indicated in the preceding paragraph.

First-mortgage 7 per cent bonds, due March 1, 1886; issued and outstanding, \$400,000.

These bonds were authorized to obtain funds to retire outstanding funded debt and for general purposes. The entire issue was disposed of at a discount of \$20,500 for \$379,500 cash. It is not possible to state the disposition of the discount.

### Result of Corporate Operations

The result of corporate operations for the period June 7, 1855, to September 30, 1864, as stated by the Whitehall in its sworn reports to the New York State Engineer (the information not reported after 1864), is summarized as follows:

|  | Period         |
|--|----------------|
| Railway operating revenue .....                  | \$1,606,756.34 |
| Railway operating expenses including taxes ..... | 1,081,149.20   |
| Net revenue from railway operations .....        | 525,607.14     |
| Income from unfunded securities and accounts ... | 23.68          |
| Gross income .....                               | 525,630.82     |
| Rent for leased roads } not separable            |                |
| Interest on funded debt }                        | 387,183.82     |
| Total deductions from gross income .....         | 387,183.82     |
| Net income .....                                 | 138,447.00     |
| Dividend appropriations of income .....          | 35,000.00      |
| Credit balance .....                             | 103,447.00     |

The rent for leased road and interest on funded debt was separated to September 30, 1859, only. The amounts of each to that date were \$56,862.19 and \$118,430.54, respectively.

Dividends at 5 per cent were paid for the year 1856 and 2 per cent for the year 1857.

### Investment in Road and Equipment

The report of the Whitehall to the Railroad Commission of New York for September 30, 1865 (the last to give the information), states the investment in road and equipment as \$930,207.31. This amount is made up as follows:

#### Property acquired:

##### The Washington:

|   |                   |
|---|-------------------|
| Par value of capital stock issued ..... | \$500,000.00      |
| Par value of funded debt assumed .....  | 350,000.00        |
| Par value of funded debt issued .....   | 36,531.00         |
| <b>Total .....</b>                      | <b>886,531.00</b> |

#### Additions and betterments:

|                        |                   |
|------------------------|-------------------|
| Money outlay .....     | 43,676.31         |
| Road .....             | \$4,105.19        |
| Equipment .....        | \$43,153.12       |
| Less retirements ..... | 3,582.00          |
| <b>Total .....</b>     | <b>930,207.31</b> |

This balance, so far as it is resolvable into kinds of consideration, would comprise the following classes of outlay:

|                             |             |
|-----------------------------|-------------|
| Recorded money outlay ..... | \$43,676.31 |
| Capital stock issued .....  | 500,000.00  |
| Funded debt issued .....    | 36,531.00   |
| Funded debt assumed .....   | 350,000.00  |

### Original Cost to Date

The original cost to date of the common-carrier property owned by the Whitehall on October 20, 1868, can not be definitely ascertained owing to the entire absence of the accounting records of the Whitehall, its predecessor companies, and those of the contractors who constructed the original road. The road consisted of that con-[fol. 179] structed by the Washington, for which there are no accounting records. The cost of this road as reported to the Railroad Commission of New York was \$1,757,238.06, consisting of indeterminate outlays. As hereinbefore stated, the Whitehall made certain additions and betterments to the road for which it made money out-

lay of \$4,105.19. A summary of the outlays made for the entire property is as follows:

|                             |                |
|-----------------------------|----------------|
| Reported outlay .....       | \$1,757,238.06 |
| Recorded money outlay ..... | 4,105.19       |

#### Leased Railway Property

The property of the Whitehall was acquired by the Rensselaer on March 14, 1865, under a lease the terms of which are not ascertainable. The lease was cancelled by a contract of consolidation and merger between the Rensselaer, the Whitehall and the Salem, dated June 15, 1865, which, pending the effective date of consolidation and merger, operated as a lease of the Whitehall. During the period of this lease the lessee paid the interest on the Whitehall's funded debt, maintained the property, paid all taxes, and at its discretion paid dividends on the net profits from the operations of the combined properties on basis of the Whitehall's representation in the combined stock of the three companies.

Prior to its lease to the Rensselaer, the Whitehall operated from May 1, 1856, under a perpetual lease dated August 6, 1857, the property of the Ruthall, consisting of a railroad from the New York-Vermont state line to Castleton, Vt., a distance of about 6.79 miles. The lease stipulated an annual rental of \$15,342 and an allowance of \$150 per year for the organization expenses, in addition to which the lessee maintained the property and paid all taxes. This lease was assigned to the Rensselaer with its lease of the Whitehall.

#### The Saratoga and Washington Rail-Road Company

(The Washington)

#### Predecessor of the Whitehall

There are no accounting or other records of the Washington obtainable, and the information herein submitted was secured from the Washington's sworn reports to the New York State Engineer and from the return of the carrier on corporate history.

#### Corporate History

The Washington was incorporated under a special act of New York passed May 2, 1834. The Washington operated its property until May 17, 1855, when it was conveyed by referee's deed to the trustees for its second-mortgage bondholders, who acquired it under foreclosure sale April 18, 1855. On June 8, 1855, it was conveyed by deed of the trustees to the Whitehall.

#### [fol. 180] Development of Fixed Physical Property

The Washington acquired from the Saratoga and Fort Edward Rail-road Company surveys made by that company of a line from Saratoga Springs to Fort Edward, N. Y., and constructed a railroad from Saratoga Springs through Fort Edward to Lake Station (White-

hall), N. Y., approximately 40.95 miles, together with a branch line from Whitehall to the New York-Vermont state line, about 6.59 miles. The railroad constructed was located entirely in the state of New York and was opened for operation as follows:

|  |          |          |
|--|----------|----------|
| Saratoga Springs to Ganesevoort.....         | August   | 15, 1848 |
| Ganesevoort to Whitehall.....                | December | 10, 1848 |
| Whitehall to New York-Vermont state line.... | October  | 1, 1850  |
| Whitehall to Lake Station.....               | October  | 1, 1851  |

### History of Corporate Financing

The Washington states in its reports to the New York State Engineer that it issued and had outstanding at its demise securities amounting to \$1,839,900, consisting of capital stock \$899,900 and funded debt \$940,000.

The authorized capital stock was \$1,350,00, divided into shares of \$100 each, and of this amount \$899,900 was issued for unknown considerations.

Funded debt issued, amounting to \$940,000, included \$250,000 first mortgage, 7 per cent bonds, due March 1, 1858; \$100,000 Rutland extension, 7 per cent bonds, due September 1, 1856, and \$250,000 of second mortgage, 7 per cent bonds, due January 1, 1855. What bonds made up the remainder of \$340,000, or the considerations received in any issue, can not be determined.

### Investment in Road and Equipment

In its report to the New York State Engineer for the year ended September 30, 1854 (the last to give the information) the Washington stated its investment in road and equipment as \$1,891,993.49, classified as follows:

#### Road:

|   |                     |
|---|---------------------|
| Engineering and agencies .....                                    | \$82,285.16         |
| Land, land damages and fences .....                               | 155,444.13          |
| Graduation and masonry .....                                      | 824,959.98          |
| Bridges .....   | 29,249.40           |
| Superstructure and iron .....                                     | 566,001.01          |
| Passenger and freight stations and buildings .....                | 60,542.61           |
| Engine and car houses, machine shop, machinery and fixtures ..... | 38,755.77           |
| <b>Total .....</b>  | <b>1,757,238.06</b> |

#### Equipment:

|   |                     |
|---|---------------------|
| Locomotives and fixtures and snowplows .....    | 60,916.67           |
| Passenger, baggage, freight and other cars..... | 73,838.76           |
| <b>Total .....</b>                              | <b>134,755.43</b>   |
| <b>Grand total .....</b>                        | <b>1,891,993.49</b> |

[fol. 181]

## Original Cost to Date

The original cost to date of the common-carrier property, owned by the Washington on June 8, 1855, can not be definitely ascertained owing to the entire absence of its accounting records and those of the contractors who constructed the original road. In its sworn report to the Railroad Commission of New York for September 30, 1854, the cost of the road, exclusive of equipment, is shown as \$1,757,238.06, consisting of indeterminate outlays.

## Leased Railway Property

The Washington operated the property of the Ruthall from the date of the latter's completion, November 1, 1850, under a perpetual lease dated December 24, 1850, which lease was annulled on May 1, 1855.

## Saratoga and Fort Edward Rail Road Company

## Predecessor of the Washington

There are no accounting or other records of this company obtainable, and the information herein submitted was secured from the return of the carrier on corporate history.

## Corporate History

The Saratoga and Fort Edward Rail Road Company was incorporated April 17, 1832, under a special act of New York. It acquired no railroad property but made surveys of a proposed railroad from Saratoga Springs to Fort Edward, N. Y., which were afterwards acquired by the Washington.

## The West Troy &amp; Green Island Rail Road Company

## Introductory

There are no accounting or other records obtainable and such information as is here submitted was secured from the sworn reports rendered the state of New York, the records of the Rensselaer, and the return of the carrier on corporate history.

## Corporate History

The West Troy & Green Island Rail Road Company was incorporated under the general laws of New York on October 15, 1870, in the interests of the Rensselaer.

The purpose of incorporation was to provide the Rensselaer with a franchise to construct a railroad from its bridge at Green Island to a connection with the railroad of its lessor, the Vermont, at West Troy (now Watervliet, N. Y., a distance of about 1.08 miles.



## [fol. 182]      Development of Fixed Physical Property

Construction of the road as planned was completed in 1873 by the carrier, and has been operated by the latter since it was opened. The road has been double tracked for about 1.06 miles.

## History of Corporate Financing

The authorized capital stock was \$30,000, divided into shares of \$100 each. In its report to the Public Service Commission of New York for the year ended on date of valuation, it is stated that a par value of \$3,200 was issued for a like amount of cash, and that this stock is owned by the Rensselaer, but there is no record of such ownership to be found in the books of the latter.

## The Albany and Vermont Railroad Company

(The Vermont)

## Corporate History

The corporations whose franchises and properties have gone to make up the present company, and the dates of the changes in those several corporations, are shown in the following table:

| Sym-<br>bol<br>No. | Corporate name       | Date of<br>incorporation | State  | Date<br>of acquisition<br>by successor       |
|--------------------|----------------------|--------------------------|--------|--|
| 1                  | Vermont .....        | October 6, 1859.....     | N. Y.. | Present company.                             |
| 2                  | Canada .....         | November 7, 1856.....    | N. Y.. | Conveyed to No. 1,<br>September 22,<br>1859. |
| 3                  | Albany Northern..... | February 20, 1851.....   | N. Y.. | Conveyed to No. 2,<br>December 10,<br>1856.  |

## Development of Fixed Physical Property

The property acquired from the Canada on September 22, 1859, extending from Albany to Eagle Bridge, a distance of approximately 35 miles, had been constructed by the Northern and opened for operation in 1853. The property was conveyed by the latter to the Canada on December 10, 1856.

That part of the road extending from Waterford Junction to Eagle Bridge, approximately 21 miles, as the result of an action brought by the state of New York, was permanently abandoned and the tracks taken up during the early part of the year 1878.

During the period the railroad between Albany and Waterford Junction was operated by the Rensselaer, the lessee constructed a second track over its entire length of approximately 12 miles.

## History of Corporate Financing

The records of the Vermont disclose no syndicating transactions. [fol. 183] The Vermont issued and had outstanding on date of valuation \$600,000 in capital stock.

On the acquisition of the property of the Canada, a par value of \$598,500 in capital stock was issued in exchange for a like amount of first-mortgage bonds of the Northern which had been assumed by the former company. This exchange was on the basis of the par of stock equalling 110 per cent of the bonds, the holders of the latter paying the difference of \$59,850 in cash. The Vermont assigned a book value of \$538,650 to the bonds received in this manner, charging its investment in road and equipment with a corresponding amount. The balance of its capital stock of a par value of \$1,500 was issued for \$645 cash, the discount of \$855 also being charged to investment in road and equipment.

Increase or Decrease of Securities in Reorganization.—The capital stock of the Canada was not recognized in the reorganization. The amount of such stock outstanding at the demise of that company was \$439,004.97, which, together with the shrinkage of \$61,350 affected in the exchange of securities, made a total decrease in securities of \$500,354.97.

## Results of Corporate Operations

Income Account.—The income account of the Vermont for year ended on date of valuation, and for the period October 8, 1859, to date of valuation, is stated as follows:

|   | Year        | Period       |
|---|-------------|--------------|
| Railway operating revenues .....                              |             | \$36,657.65  |
| Railway operating expenses .....                              |             | 54,544.28    |
| Net loss from railway operations .....                        |             | 17,886.63    |
| Income from lease of road .....                               | \$20,000.00 | 1,117,500.00 |
| Miscellaneous rent income .....                               |             | 150.00       |
| Dividend income .....   |             | 8,650.00     |
| Income from funded securities .....                           | 200.00      | 8,221.69     |
| Income from unfunded securities and accounts .....            |             | 1,554.63     |
| Total nonoperating income ..                                  | 20,200.00   | 1,136,076.32 |
| Gross income .....  | 20,200.00   | 1,118,189.69 |
| Miscellaneous rents .....                                     | 800.00      | 55,777.57    |
| Miscellaneous tax accruals .....                              | 186.37      | 7,629.96     |
| Interest on unfunded debt .....                               |             | 14,517.43    |
| Maintenance of investment organization .....                  | 577.90      | 27,820.13    |
| Total deductions from gross income .....                      | 1,564.27    | 105,745.09   |
| Income balance transferred to credit of profit and loss ..... | 18,635.73   | 1,012,444.60 |

If certain delayed income items in the profit and loss account were transferred to the income account for the entire period, there would be a credit balance of \$1,009,667.48 carried to profit and loss instead of \$1,012,444.60 as shown above.

Profit and Loss Account.—The profit and loss account of the Vermont, on date of valuation, follows:

| [fol. 184]  | Debits       | Credits      |
|---|--------------|--------------|
| Delayed income debits .....   | \$3,480.54   |              |
| Operating revenues... \$17.85   |              |              |
| Operating expenses... 3,433.57  |              |              |
| Railway tax accruals... 29.12   |              |              |
| Dividend appropriations of surplus..  | 1,048,500.00 |              |
| Miscellaneous debits:   |              |              |
| Counterfeit money written off..   | 22.00        |              |
| Cash expenditures for land purchased .....                                  | 2,695.50     |              |
| Adjustment of investment in road and equipment to equal capital stock ..... | 17,582.72    |              |
| Credit balance transferred from income .....                                |              | 1,012,444.60 |

## Delayed income credits:

Debits

Credits

Interest on unfunded  
debt ..... 237.00Maintenance of invest-  
ment organization... 466.42

703.42

## Miscellaneous credits:

Deficit in operations to June 14,  
1860, charged to investment  
in road and equipment .....

13,576.00

Proceeds from sale of old ma-  
terial .....

5,945.73

Proceeds from sale of old rail..

51,119.70

Proceeds from sale of land at  
Albany .....

4,750.00

Profit on sale of investment se-  
curities .....

1,516.03

Credit balance on date of valuation.. 17,774.72

Total ..... 1,090,055.48 1,090,055.48

## Investment in Road and Equipment

The Vermont owns no equipment. On date of valuation, the in-  
vestment in road and equipment account of the Vermont carried a  
balance of \$600,000, which had been established as follows:

## Property acquired:

## The Canada:

Capital stock issued, par value ..... \$538,659.00

Current liabilities assumed ..... 17,212.32

Money outlay ..... 27,176.67

Total ..... 583,038.99

## Additions and betterments:

Money outlay ..... 20,112.73

Expenditures ..... \$22,892.44

Less proceeds from sale of land. 2,779.71

Total ..... 603,151.72

## Other items:

| Credits:  | Debits    | Credits    |
|---|-----------|------------|
| Adjustment by a corresponding charge to profit and loss to make the balance in the investment in road and equipment account equal the outstanding capital stock . . . . . | 17,582.72 |            |
| [fol. 185]  |           |            |
| Debits:   |           |            |
| Discount on capital stock . . . . .   | 855.00    |            |
| Deficit in operations to June 14, 1860 . . . . .  | 13,576.00 |            |
| Net credit . . . . .  |           | 3,151.72   |
| Total . . . . .   |           | 600,000.00 |

If the credits in "Other items," that are not in accord with our present accounting rules, were restored, and the debits therein eliminated, the balance in that account would be increased to \$603,151.72.

This balance, so far as it is resolvable into kinds of considerations, would comprise the following elements:

|   |             |
|---|-------------|
| Recorded money outlay . . . . .   | \$50,069.11 |
| Capital stock issued, par value . . . . .   | 538,650.00  |
| Current liabilities assumed . . . . .   | 17,212.32   |
| Less deduction not assignable specifically to any one or more of the classes of outlay above stated: Proceeds from the sale of land . . . . . | 2,779.71    |

The foregoing does not include an expenditure of \$2,695.50 for land, charged to profit and loss, but may include the cost of certain land sold, the proceeds of which were credited to profit and loss. It may also include an indeterminable amount representing that part of the cost of property disposed of, in excess of the credits made to the account for proceeds from sales.

The Vermont added no mileage to the road originally constructed but did abandon about 20.82 miles of road between Waterford Junction and Eagle Bridge, the unknown cost of which is still represented in the balance in the investment in road and equipment account.

## Leased Railway Property

On June 12, 1860, the Vermont leased its property between Albany and Waterford Junction in perpetuity to the Rensselaer, and the latter on May 1, 1871, assigned the lease to the carrier, which has since operated the property, paying therefor an annual rental

of \$20,000. The latter in addition maintains the property and pays all taxes.

[fol. 186] The Albany, Vermont and Canada Rail Road Company  
(The Canada)

Predecessors of the Vermont

No accounting or other records of the Canada are obtainable. The information submitted herein was secured from the carrier's sworn reports to the New York State Engineer and from its returns of the carrier on corporate history.

Corporate History

The Canada was incorporated November 7, 1856, for a term of 100 years, under the general laws of New York, for the purpose of acquiring the property of the Albany Northern, which was conveyed to it subject to a first mortgage of the predecessor company by deed dated December 10, 1856, from Christopher W. Bender, who at a foreclosure sale October 16, 1856, had bid in the property in behalf of its second-mortgage bondholders. The property acquired consisted of a single track, standard gauge railroad, extending from Albany to Eagle Bridge, N. Y., a distance of about 33 miles.

The property of the Canada was sold September 15, 1859, under foreclosure of the first-mortgage of the Albany Northern to Abijah Mann, Jr., in behalf of the first-mortgage bondholders, under referee's deed dated September 19, 1859. He conveyed the property to The Albany by deed dated September 22, 1859.

History of Corporate Financing

The capital obligations of the Canada, so far as can be ascertained from obtainable sources of information, consisted of capital stock issued and funded debt assumed.

The authorized capital stock was \$600,000, divided into shares of \$100 each. Of this amount the Canada in its last report to the New York State Engineer stated that, at September 30, 1855, \$445,000 had been subscribed and subscriptions paid in amounting to \$439,004.97.

Funded debt consisted of \$600,000 first-mortgage 7 per cent bonds of the Albany Northern, due March 1, 1867, and assumed in the acquisition of the latter's property.

Increase or Decrease of Securities in Any Reorganization.—The reorganization of the Albany Northern as the Canada resulted in a decrease in securities, but the exact amount of this decrease can not be stated because of the lack of definite information as to the amount of securities of the predecessor outstanding at its demise. It has been stated in the accounting report of the Albany Northern that its capital obligations outstanding at September 30, 1855, so far as can

be determined, amounted to \$1,648,281.76. Of this amount the Canada assumed \$600,000 of the first-mortgage bonds in acquiring the property, and the remainder of \$1,048,281.76 was apparently eliminated.

[fol. 187]      Investment in Road and Equipment

The Canada's investment in road and equipment at its demise can not be ascertain from the obtainable sources of information. In its report for the year ending September 30, 1856, to the New York State Engineer, the Canada states it had expended for additions and betterments the sum of \$10,032.94, and classifies this amount as follows:

|   |            |
|---|------------|
| Engineering .....   | \$1,560.00 |
| Land and land damages .....                               | 982.00     |
| Graduation and masonry .....                              | 2,824.47   |
| Bridges .....   | 3,680.19   |
| Passenger and freight stations, buildings and fixtures... | 986.28     |
| Total .....   | 10,032.94  |

Original Cost to Date

The original cost to date of the common-carrier property owned and used by the Canada on September 22, 1859, can not be definitely ascertained owing to the entire absence of its accounting records, of its predecessor, and those of the contractors who constructed the original road. It has been stated in the accounting report of the Albany Northern that the cost of the road, exclusive of equipment, was \$1,552,802.63, comprising reported outlays in money and securities. The Canada has stated in its sworn report to the New York State Engineer for September 30, 1856, that it expended \$10,032.94 for additions and betterments. It may, therefore, be said that the reported outlay for the property of the Canada, exclusive of equipment at September 22, 1859, was \$1,562,835.67.

Albany Northern Rail Road

(The Albany Northern)

Predecessor of the Canada

The accounting records of the Albany Northern are fragmentary and do not permit an analysis of its activities. The information here submitted was obtained chiefly from its sworn reports to the New York State Engineer and from the returns of the carrier on corporate history.

Corporate History

The Albany Northern was incorporated February 20, 1851, for a term of 100 years under the general laws of New York. It acquired

by construction a single track, standard gauge railroad, extending from Albany to Eagle Bridge, N. Y., approximately 33 miles, which it opened for operation in 1853.

The Albany Northern defaulted in the payment of interest on its second-mortgage bonds, and on October 31, 1856, was deeded to Christopher W. Bender on behalf of the second-mortgage bondholders who had bid it in, subject to the first-mortgage bonds, as a sale October 16, 1856, in foreclosure of its second mortgage. The property was subsequently conveyed by Bender to the Canada, by deed dated December 10, 1856.

[fol. 188]

### History of Corporate Financing

In its last report to the New York State Engineer, the Albany Northern stated that the outstanding capital obligations at September 30, 1855, comprised \$454,882.97 of capital stock and \$1,193,398.79 of funded debt.

The particulars in connection with the several issues of capital obligations, in so far as can be gathered from the Albany Northern's reports to the New York State Engineer, are as follows:

**Capital Stock.**—The authorized capital stock was \$600,000, divided into shares of \$100 each. Of this amount \$454,882.97 was issued and a corresponding amount charged to investment in road and equipment.

**Funded Debt.**—First-mortgage 7 per cent bonds, due March 1, 1867, were authorized and issued for \$ 00,000. Of this amount a par value of \$223,000 was issued at 92½, at a discount of \$16,725. The balance of \$377,000 was issued at par for iron rail. The total par value issued was charged to investment in road and equipment.

Second-mortgage 7 per cent bonds, due June 1, 1863, were authorized in the amount of \$500,000. Of this amount a par value of \$184,000 was issued at a discount of \$33,950. The investment in road and equipment was charged with an amount corresponding to the total par value issued. A par value of \$302,000 was pledged as security for short-term notes. The disposition made of the balance of \$14,000 could not be ascertained.

Third-mortgage income 7 per cent bonds, dated November 1, 1853, and due in 3, 5 and 8 years after date, were authorized in the amount of \$250,000. Of this amount a par value of \$102,400 was issued at 85, at a discount of \$15,360, and the investment in road and equipment was charged with an amount equal to the par value issued. What part, if any, of the remainder of \$147,600 was issued is not stated in the Albany Northern's reports. Of the total amount issued, a par value of \$65,700 had been retired at September 30, 1855, by \$64,338.79 of fourth-mortgage bonds.

Fourth-mortgage bonds, dated May 1, 1854, due date unknown, bearing interest at 6 per cent for the first five years and 7 per cent thereafter, were authorized in the amount of \$500,000 to retire a loan of \$300,000 made the Albany Northern by the city of Albany and the outstanding third-mortgage bonds. The Albany Northern



states that at September 30, 1855, \$61,338.79 of these bonds had been applied by the commissioners of the Albany city loan in retirement of \$65,700 of the third-mortgage income bonds.

The city of Albany, by authority of an act of the New York legislature passed March 18, 1854, advanced the Albany Northern the sum of \$300,000. The terms of the loan are not of record. It was apparently retired by fourth-mortgage bonds referred to above.

### Investment in Road and Equipment

The report of the Albany Northern to the New York State Engineer for September 30, 1855 (the last report made), states the investment in road and equipment as \$2,010,634.64. This balance was stated to consist of the following items:

[fol. 189] Construction of road:

|  |              |
|--|--------------|
| Capital stock issued (par value) . . . . .           | \$454,882.97 |
| Funded debt issued (par value \$866,400) . . . .     | 820,365.00   |
| Notes payable issued . . . . .                       | 232,195.68   |
| Additions and betterments: Cash expenditures . . . . | 230,439.20   |

Other items, not in accord with the present rules of the Commission:

|   |             |
|---|-------------|
| Discount on funded debt . . . . .             | \$65,035.00 |
| Sundry advances (no details stated) . . . . . | 64,610.62   |

Estimated amounts:

|   |           |
|---|-----------|
| Salaries and wages due . . . . .                            | 40,000.00 |
| Construction, materials, equipment and right of way . . . . | 65,000.00 |

Interest due on:

|                               |                   |
|-------------------------------|-------------------|
| Funded debt . . . . .         | 23,468.67         |
| Minor mortgages . . . . .     | 1,137.50          |
| Current liabilities . . . . . | 12,500.00         |
|                               | <u>272,751.79</u> |

Total . . . . . 2,010,634.61

If the debits in "other items" were eliminated, the balance in that account would be reduced to \$1,737,882.85, consisting of \$1,552,802.63 road and \$185,080.22 equipment.

In its report to the New York State Engineer, the Albany Northern has stated that this balance consisted of the following outlay:

|   |              |
|---|--------------|
| Recorded money outlay . . . . .   | \$230,439.20 |
| Capital stock issued, par value . . . . .                                       | 454,882.97   |
| Funded debt of a par value of \$866,400, issued at an agreed value of . . . . . | 820,365.00   |
| Notes payable issued . . . . .  | 232,195.68   |

## Original Cost to Date

The original cost to date of the common-carrier property owned and used by the Albany Northern on December 10, 1856, can not be definitely ascertained owing to the entire absence of its accounting records and those of the contractors who constructed the original road. In its sworn report to the New York State Engineer for September 30, 1855, the cost of the road, exclusive of equipment, is shown as \$1,552,802.63, comprising the reported outlays as hereinbefore stated.

[fol. 190] Rutland and Whitehall Rail Road Company

(The Ruthall)

## Introductory

No accounting records of the Ruthall were obtainable, the information here submitted being taken from its corporate records and its sworn reports to the Vermont Public Service Commission and to us.

## Development of Fixed Physical Property

The Ruthall acquired by construction, under contract with R. H. and G. L. Schuyler, its road extending from the New York-Vermont state line to Castleton, approximately 6.833 miles, which was completed November 1, 1850. It also constructed under contract with Arunda hW. Hyde, its vice president upon organization and subsequently its president, a branch road from Hydeville to the shore of Lake Bomoseen, about 1.5 miles in length, which was completed about the first of the year 1854, but subsequently abandoned.

## Investment in Road and Equipment

The Ruthall owned no equipment on date of valuation. The investment in road showed a balance of \$255,700, classified by the Ruthall, in its report to the Vermont Public Service Commission for the year ended August 31, 1856, as follows:

## Road:

|   |               |
|---|---------------|
| Construction of main road.....  | \$176,000     |
| Construction of branch road from Hydeville to Lake Bomoseen (capital stock) ..... | 29,700        |
| Depot buildings and turns-about.....  | 4,000         |
| Total .....   | <hr/> 209,700 |

## Equipment:

|  |               |
|--|---------------|
| Locomotives and other rolling stock..... | 45,000        |
| Grand total .....                        | <hr/> 255,700 |

The foregoing includes the original cost of the branch road from Hydeville to Lake Bomoseen, which was abandoned.

### Leased Railway Property

The property of the Ruthall was leased in perpetuity from February 1, 1870, to the Rensselaer, which lease was assigned June 15, 1871, to the carrier. The lease provides for an annual rental of \$15,342.

[fol. 191] The Saratoga and Schenectady Rail Road Company

(The Saratoga)

### Introductory

As the result of a fire on May 10, 1862, no accounting or corporate records prior to that date were obtainable, excepting a cash book dating from January 1, 1861. The information here submitted was obtained from this cash book, the published reports of the State Engineer and Surveyor, the Railroad Commissioners of the state of New York, the Saratoga's reports to us, and the returns of the carrier on corporate history.

### Development of Fixed Physical Property

The Saratoga constructed its road from Schenectady to Saratoga Springs, about 20.806 miles. The road from Schenectady to Ballston Spa was opened July 12, 1832, and from Ballston Spa to Saratoga Springs in 1833.

During the period under lease, the road has been double tracked by the lessees for 11.394 miles of its length.

### History of Corporate Financing

**Capital Stock.**—The authorized capital stock was \$450,000, divided into shares of \$100 each, and classed as common stock. There was issued \$10,000 for a like amount of cash, \$40,000 in exchange for a like amount of funded debt, \$100,000 as a stock dividend, and \$300,000 for unknown considerations. The Saratoga reacquired and reissued \$3,700 of its stock for a like amount of cash.

**Funded Debt.**—At January 1, 1861, there were \$73,000 of 6 per cent mortgage bonds outstanding that were due serially in three and four years. The interest rate was subsequently changed to 7 per cent and the date of maturity extended to ten years from January 1, 1866. The considerations received are not of record. Of the total issue, \$33,000 was retired by a like amount of cash and \$40,000 by the exchange of a like amount of capital stock.

## Result of Corporate Operations

Income Account.—The income account of the Saratoga for year ending on date of valuation, and for the period January 1, 1861, to date of valuation, follows:

## Nonoperating income:

|  | Year             | Period              |
|--|------------------|---------------------|
| Income from lease of road . . . . .                    | \$31,750.00      | \$1,746,187.50      |
| Dividend income . . . . .                              |                  | 9,784.66            |
| Income from funded securities . . . . .                | 200.00           | 5,272.76            |
| Income from unfunded securities and accounts . . . . . |                  | 7,644.43            |
| Total . . . . .  | <u>31,950.00</u> | <u>1,768,889.35</u> |
| Gross income . . . . .                                 | <u>31,950.00</u> | <u>1,768,889.35</u> |

[fol. 192]

## Deductions from gross income:

|  |                  |                     |
|--|------------------|---------------------|
| Miscellaneous tax accruals . . . . .             | 311.12           | 28,583.53           |
| Interest on funded debt . . . . .                |                  | 38,820.00           |
| Interest on unfunded debt . . . . .              |                  | 337.40              |
| Maintenance on investment organization . . . . . | 536.87           | 24,236.56           |
| Total . . . . .                                  | <u>847.99</u>    | <u>91,977.49</u>    |
| Net income . . . . .                             | <u>31,102.01</u> | <u>1,676,911.86</u> |

## Disposition of net income:

|   |                  |                     |
|---|------------------|---------------------|
| Dividend appropriations of income . . . . . | <u>31,500.00</u> | <u>1,648,398.00</u> |
|---|------------------|---------------------|

## Income balance transferred to:

|                                     |        |           |
|-------------------------------------|--------|-----------|
| Credit of profit and loss . . . . . |        | 28,513.86 |
| Debit of profit and loss . . . . .  | 397.99 |           |

*Profit and Loss Account.*—The profit and loss account of the Saratoga, on date of valuation, follows:

|  | Credits      | Debits      |
|--|--------------|-------------|
| Credit balance transferred from income.....    |              | \$28,513.86 |
| Miscellaneous credits.....                     |              | 111,067.17  |
| Unredeemed checks      \$37.50                 |              |             |
| Profit from sale of investment securities..... | 3,225.00     |             |
| Credit balance at January 1, 1861              | 107,804.67   |             |
|  | <hr/>        |             |
| Miscellaneous debits.....                      | \$133,909.15 |             |
| Stock dividend....                             | 100,000.00   |             |
| Other (no details) .                           | 33,909.15    |             |
|  | <hr/>        |             |
| Credit balance at date of valuation..          | 5,671.88     |             |
|  | <hr/>        |             |
| Total .....                                    | 139,581.03   | 139,581.03  |

#### Investment in Road and Equipment

The Saratoga owns no equipment. On date of valuation, the investment in road is stated in its report to us and to the Public Service Commission of New York to be \$450,000, which had been established as follows:

|   |              |
|---|--------------|
| Reported cost of road and equipment.....          | \$480,684.15 |
| Less equipment transferred to the Rensselaer..... | 30,684.15    |
|   | <hr/>        |
|   | 450,000.00   |

*Cost of Lands.*—The Saratoga reports the original cost of all lands owned, including both carrier and non-carrier, as \$147,641.61. In verifying the returns, \$19,796.76 has been deducted as not representing land costs. The resulting balance of \$127,844.85, made up in part of costs supported by accounting records and in part of costs supported by substantial deed considerations and other amounts, which the Saratoga claims to represent costs but which are not supported by accounting records, may be classified as follows:

| [fol. 193]   | Classification | Costs supported by accounting records | Costs not supported by accounting records |
|--|----------------|---------------------------------------|---|
| Carrier lands owned; Leased to the carrier .....                     |                | \$102,290.48                          | \$16,967.86                               |
| Rights in private lands; owned; Leased to the carrier .....          |                |                                       | 150.00                                    |
| Lands classified as noncarrier; owned .....                          |                |                                       | 450.00                                    |
| Lands classified as party carrier and partly noncarrier; owned ..... |                | 1,986.51                              | 6,000.00                                  |

## Leased Railway Property

The Saratoga, under date of October 14, 1850, leased its property to the Rensselaer for a term of 15 years from January 1, 1851, for considerations not of record. A new lease in perpetuity from July 1, 1860, was made on June 13, 1860. Under this lease the lessee paid annual rentals of \$30,150 until January 1, 1866, and \$31,750 thereafter. In addition, the lessee maintained the lessor's property and paid all taxes. On May 1, 1871, the Rensselaer assigned its lease to the carrier.

### Northern Coal and Iron Company

#### (The Northern)

#### Corporate History

The corporation whose franchises and properties have gone to make up the present company, and the dates of the changes in those several corporations, are shown in the following table:

| Symbol No. | Corporate name   | Date of incorporation  | State  | Date of acquisition by successor   |
|------------|--|--|--------|--|
| 1          | Northern .....   | April 27, 1864.....  | Pa.... | Present company.   |
| 2          | The Plymouth and Wilkes-Barre Road and Bridge Company. | April 12, 1859, April 14, 1863, March 14, 1865, and letters patent of November 20, 1859. | Pa.... | Consolidated with No. 1, November 20, 1873.  |
| [fol. 194] |  |  |        |  |
| 3          | Baltimore .....  | April 8, 1868.....   | Pa.... | Consolidated with No. 1, July 6, 1871.   |
| 4          | Union .....  | April 26, 1864, and letters patent of May 30, 1864.                                      | Pa.... | Sold to trustees, by deed dated Feb. 20, 1868, and conveyed by them to No. 3, April 2, 1868. |
| 5          | Howard .....   | April 18, 1864.....  | Pa.... | Merged with No. 4, Feb. 13, 1867.  |

### Development of Fixed Physical Property

The property owned by the Northern on date of valuation was acquired as follows:

|   | Date acquired | Miles  |
|---|---------------|--------|
| By consolidation and merger:  |               |        |
| Baltimore Coal and Union Railroad Company, Union Junction to Green Ridge... | July 6, 1871. | 15,000 |
| Construction partially by the Howard on date unknown.                       |               |        |

|  | Date acquired  | Miles |
|--|----------------|-------|
| The Plymouth and Wilkes-Barre Railroad and Bridge Company, Plymouth Junction to South Wilkes-Barre ..... | Oct. 14, 1873. | 2.030 |

Construction completed by The Plymouth and Wilkes-Barre Railroad and Bridge Company in 1868.

By purchase with coal properties:

|  |       |       |
|--|-------|-------|
| Bull Run branch, Bull Run Junction to mines .....                | ..... | 1.250 |
| Plymouth No. 3 branch, Kingston Mines to Plymouth Junction ..... | ..... | 2.150 |

Date constructed and by whom unknown.

By construction:

|   |               |       |
|---|---------------|-------|
| Wilkes-Barre to Hudson.....   | Nov. 8, 1886. | 3.450 |
| Hudson to Union Junction.....   | 1871.         | 2.304 |
| Buttonwood branch, Buttonwood to connection with Plymouth branch.....       | 1906,         | 1.570 |
| Plymouth No. 5 branch, Bull Run branch to Plymouth No. 3 branch.....        | .....         | 1.020 |
| Scranton branch, Carbon street junction to Lackawanna avenue, Scranton..... | 1894,         | 0.510 |

|             |  |        |
|-------------|--|--------|
| Total ..... |  | 29.284 |
|-------------|--|--------|

## [fol. 195] History of Corporate Financing

The records of the Northern disclose no syndicating transactions.

The finances of the Northern, as one of the number of companies promoted by the carrier, are administered by the latter. The financial arrangements were made for both its coal and railroad properties, and these were considered as a whole until December 31, 1908, when its railroad property was set up separately on its books. The transactions which follow, therefore, relate to the whole property of the Northern. Its securities have been issued or assumed in the acquisition of its properties or in the payment of advances made to it by the carrier.

The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on date of valuation:

| Description             | Originally issued | Retirements and treasury holdings | Outstanding    |
|-------------------------|-------------------|-----------------------------------|----------------|
| Capital stock.....      | \$1,500,000.00    | .....                             | \$1,500,000.00 |
| Funded debt.....        | 4,170,127.15      | \$4,170,127.15                    | .....          |
| Nonnegotiable debt..... | 22,129,429.15     | 17,374,328.38                     | 4,755,100.77   |
| Total .....             | \$27,799,556.30   | 21,544,455.53                     | 6,255,100.77   |

The foregoing securities were issued at par for a like amount of considerations as shown below:

|   |                 |
|---|-----------------|
| Cash .....  | \$19,433,040.80 |
| Construction or property .....                    | 3,898,388.35    |
| Other debt retired .....                          | 4,168,127.15    |
| Miscellaneous physical property (coal lands) .... | 300,000.00      |
| Total .....                                       | 27,799,556.30   |

Securities of a par value of \$21,544,455.53 were retired with \$17,376,328.38 cash and \$4,168,127.15 of other securities issued.

Capital Stock.—The authorized capital stock of the Northern is \$2,000,000, divided into shares of \$100 each and classed as common stock. Of this amount, \$102,000 was issued for a like amount of cash and \$1,398,000 was issued to the carrier in part payment of advances.

Funded Debt.—The Northern had four issues of funded debt, amounting in all to \$4,170,127.15, which have been retired with a like amount of cash. They were issued for property or in payment for advances. The details of the individual issues will be found in the accounting report hereinbefore referred to.

[fol. 196] Nonnegotiable Debt.—Nonnegotiable debt to affiliated companies was incurred by the receipt of \$22,129,429.15 in advances from the carrier, of which \$17,374,328.38 was subsequently retired, leaving a balance of \$4,755,100.77 outstanding on date of valuation. The considerations received were \$19,331,040.80 cash and \$2,798,388.35 for construction or property. The retirements were made with \$13,206,201.23 of cash and the issue of \$4,168,127.15 of securities.

#### Result of Corporate Operations

Income Statement.—The results of corporate operations for the period January 1, 1868, to December 31, 1906, are recorded in the accounting records of the Northern, but since the latter date the revenues and expenses have been merged with those of the carrier. The income account for the period January 1, 1868, to December 31, 1906, follows:

|   |              |
|---|--------------|
| Railway tax accruals .....                  | \$960,298.16 |
| Revenue from miscellaneous operations ..... | 1,193,529.70 |
| Expenses of miscellaneous operations .....  | 1,307,837.55 |
| Net loss from miscellaneous operations .... | 114,307.85   |
| Total operating deficit .....               | 1,074,606.01 |
| Income from lease of road .....             | 9,503,187.20 |
| Miscellaneous rent income .....             | 354,082.24   |
| Total nonoperating income .....             | 9,857,269.44 |
| Gross income .....                          | 8,782,663.43 |



|   |              |
|---|--------------|
| Interest on funded debt.....                | 2,331,000.00 |
| Interest on unfunded debt.....              | 6,300,661.04 |
| Maintenance of investment organization..... | 14,321.41    |
| Income transferred to other companies.....  | 136,680.98   |

|   |              |
|---|--------------|
| Total deductions from gross income..... | 8,782,663.43 |
|---|--------------|

### Investment in Road and Equipment

The Northern owns no equipment. On date of valuation, the investment in road showed a balance of \$3,898,388.35, which had been established as follows:

#### Road acquired:

|  |                |
|--|----------------|
| Baltimore Coal and Union Railroad.....   | \$1,225,927.90 |
| Funded debt assumed.....   | \$1,000,000.00 |
| Cash advances by the carrier in settlement of current liabilities assumed..... | 206,546.40     |
| Other cash advances by the carrier.....  | 19,381.50      |

|  |            |
|--|------------|
| Plymouth and Wilkes-Barre Railroad and Bridge Company..... | 265,617.07 |
|--|------------|

[fol. 197]

|   |            |
|---|------------|
| Funded debt assumed.....  | 100,000.00 |
| Cash advances by the carrier in settlement of current liabilities assumed in excess of recorded value of current assets taken over..... | 115,615.07 |
| Other cash advances by the carrier.....   | 50,000.00  |

|   |              |
|---|--------------|
| Construction—additions and betterments: Cash advances by the carrier..... | 2,406,843.38 |
|---|--------------|

|             |              |
|-------------|--------------|
| Total ..... | 3,898,388.35 |
|-------------|--------------|

### Original Cost to Date

Cost of Lands.—The Northern reports the original cost of all lands owned, including both carrier and noncarrier, as \$1,104,924.28. In verifying the returns, a net deduction of \$5,981.77 was made as not constituting land costs. The resulting balance of \$1,061,384.11, made up in part of costs supported by accounting records and in part of substantial deed considerations and other amounts, which the Northern claims to represent costs but which are not supported by accounting records, may be classified as follows:

| Classification   | Costs supported by accounting records | Costs not supported by accounting records |
|--|---------------------------------------|---|
| Carrier lands owned and leased to the carrier .....                  | \$831,887.42                          | \$32,991.49                               |
| Rights in private lands owned and leased to the carrier.....         | .....                                 | 10,000.00                                 |
| Lands jointly owned; leased to the carrier .....                     | 835.00                                | .....                                     |
| Lands classified as noncarrier; owned .....                          | 66,327.04                             | .....                                     |
| Lands classified as partly carrier and partly noncarrier; owned..... | 146,513.16                            | 10,388.40                                 |

#### Miscellaneous Physical Property

The Northern was incorporated primarily to acquire and develop coal lands, and its railroad property was acquired or constructed for this purpose. The investment in miscellaneous physical property, prior to December 31, 1908, was not separated from its other investments. Since that date a separation has been maintained, and the amounts stated below are the balances in those accounts as of date of valuation:

[fol. 198]

|                  |              |
|------------------|--------------|
| Real estate..... | \$59,024.14  |
| Coal lands.....  | 2,297,688.28 |
| Total .....      | 2,356,712.42 |

#### Leased Railway Property

The property of the Northern is operated by the carrier in perpetuity under an agreement dated December 1, 1873. The terms of the lease and the rental accrued for the year ending on date of valuation are given in the chapter on "Leased railway property" of the report on the carrier.

#### The Plymouth and Wilkes-Barre Rail Road and Bridge Company Predecessors of the Northern

##### Introductory

There are no accounting or other records obtainable, and the information here stated was secured from the returns of the carrier on corporate history.

##### Corporate History

The Plymouth and Wilkes-Barre Rail Road and Bridge Company was incorporated under special acts of Pennsylvania approved April 12, 1859, April 14, 1863, and March 14, 1865, and under Letters Patent granted by the Governor of Pennsylvania November 30, 1859.

### Development of Fixed Physical Property

The company constructed a single track, standard gauge railroad from Plymouth Junction to South Wilkes-Barre, a distance of about 2.03 miles, all in the state of Pennsylvania, which it completed in 1868.

The railroad acquired by construction was operated until November 20, 1873, when the Plymouth and Wilkes-Barre Railroad and Bridge Company was consolidated and merged with the Northern under an agreement of consolidation and merger of October 14, 1873.

### History of Corporate Financing

Capital securities issued amounted to \$200,000, consisting of equal amounts of capital stock in shares of \$50 each and first-mortgage 7 per cent 10-year bonds, due December 1, 1876. The consideration received is not ascertainable.

[fol. 199] Baltimore Coal and Union Railroad Company

(The Baltimore)

### Predecessor of the Northern

No accounting records of the Baltimore are obtainable. The information here submitted was secured from the corporate records and the returns of the carrier on corporate history.

### Corporate History

The Baltimore was incorporated April 8, 1868, under the general laws of Pennsylvania, and perfected its organization April 2, 1868.

The purpose of the corporation was to acquire by purchase the franchises, rights and property of the Union, which had been acquired at Sheriff's sale, subject to two mortgages securing an issue of \$1,000,000 bonds, certain traffic contracts with the carrier, and a certain trackage agreement with the Lehigh Coal & Navigation Company, later explained, by Andrew T. McClintock and Thomas Dickson, trustees, and so conveyed by them to the Baltimore under deed dated April 2, 1868.

The Baltimore operated its railroad in the transportation of its anthracite coal only from the date of acquisition until January 1, 1869. On the latter date, the entire property of the Baltimore was taken under lease dated December 1, 1869, by the carrier and operated by it until August 4, 1871, when the franchises, rights and property of the Baltimore were consolidated and merged into the Northern, under agreement dated July 6, 1871.

Between April 2, 1868, and August 4, 1871, the transportation of general freight and passengers over the railroad of the Baltimore was conducted by the Lehigh Coal & Navigation Company under a twenty-year trackage agreement made between the latter company

and the Union on November 7, 1866, and passing to the Baltimore with its acquisition of the property formerly owned by the Union.

### History of Corporate Financing

Capital securities issued or assumed amounted to \$3,000,000 consisting of \$2,000,000 capital stock in shares of \$50 each, and \$1,000,000 mortgage 7 per cent bonds, due January 1, 1887, issued by the Union and assumed by the Baltimore in the acquisition of the former's property. The consideration received in the issue of capital stock can not be determined.

The carrier at various times advanced the Baltimore certain sums which at the date of its consolidation and merger into the Northern is stated on the books of the creditor as having amounted to \$206,546.40.

### Investment in Road and Equipment

The Baltimore's investment in its road and equipment, or any of the property owned by it at demise, can not be stated because of the absence of its accounting records and the lack of other sources from which the information could be obtained.

[fol. 200]

### Original Cost to Date

For reasons stated in the preceding chapter, the original cost to date of demise of the property of the Baltimore can not be ascertained.

### Leased Railway Property

The lease of the property of the Baltimore to the carrier was for a term of 18 years from January 1, 1869, under agreement dated December 1, 1868. The terms of the lease specified the maintenance of the property, the payment of taxes and the interest on \$1,000,000 mortgage 7 per cent bonds issued by the Union and assumed by the Baltimore. In addition, the lessee was to pay 25 cents per ton on all coal mined and taken in excess of the 300,000 tons per annum permitted to be mined and taken without extra compensation.

The trackage agreement under which the Lehigh Coal and Navigation Company conducted the general freight and passenger traffic of the Baltimore was reciprocal to the extent of the operation of the latter's coal trains over the railroad of the former, and specified payments of one cent per mile for passengers, one cent per ton per mile for coal freight, and one and one-half cents per ton per mile for other freight.

### The Union Coal Company

(The Union)

### Predecessor of the Baltimore

There are no accounting or other corporate records obtainable for the Union and the information here submitted was taken from the

laws of Pennsylvania, the records of its successor company, the Baltimore, and from the returns of the carrier on corporate history.

### Corporate History

The Union was incorporated April 26, 1864, under a special act of Pennsylvania and under Letters Patent issued by the Governor of Pennsylvania May 30, 1864. The purposes for which the Union was incorporated were to lease and hold coal lands in the county of Luzerne and Schuylkill, Penn., not to exceed 2,000 acres, and for mining, vending and transporting to market the products of its mines.

The property of the Union was sold under judgments in favor of Quintard, Ward & Company for \$255,013.53, and Alden G. Crosby for \$6,611.88, by Joseph E. Vanleer, sheriff, to Andrew T. McClin-tock and Thomas Dickson, trustees, and was conveyed to them by deed dated February 20, 1868.

### Development of Fixed Physical Property

The road of the Union consisted of the single track, narrow guage railroad extending from Union Junction to Green Ridge, Penn., [fol. 201] about 19 miles, that it had acquired from The Howard Coal and Iron Company under a special act of Pennsylvania dated February 13, 1867.

### History of Corporate Financing

The act of incorporation authorized capital stock of \$1,000,000, with power to increase the same to \$2,000,000, divided into shares of \$50 each. The act also authorized the Union to borrow money, not to exceed one-half of its capital stock, and to issue bonds or certificates of loan, secured by a mortgage with interest not to exceed 7 per cent per annum.

### Leased Railway Property

The railroad of the Union was completed and placed in operation during the year 1867, and was operated by its own organization from completion to February 20, 1868, for the transportation of its anthracite coal, and by the Lehigh Coal & Navigation Company for the transportation of all other freight and passengers, under an agreement dated November 7, 1866, for 20 years from that date. Under the terms of this agreement the Union agreed to "lay down a third rail, making a track of four feet eight and a half inches gauge upon the entire length of their railroad now being constructed as afore-said" so that the Lehigh Coal & Navigation Company might operate its equipment over the road, and in consideration of the same the Lehigh Coal & Navigation Company likewise laid a third rail on the road of the Nanticoke Railroad so that the Union might operate its coal trains over that road. The Lehigh Coal & Navigation Company,

in consideration of the above, agreed to subscribe and pay for in cash at par \$350,000 of the bonds of the Union.

### The Howard Coal and Iron Company

(The Howard)

#### Predecessor of the Union

There are no accounting or other corporated records obtainable for the Howard and the information here submitted was taken from the laws of Pennsylvania, the records of its successor company, the Union, and from the returns of the carrier on corporate history.

#### Corporate History

The Howard was incorporated August 18, 1864, under a special act of the legislature of Pennsylvania. The act of incorporation granted the Howard the privilege of owning land, mining, preparing for market, selling and disposing of the coal, iron and other minerals found in the lands, and for constructing "such lateral or branch railroads, not exceeding 20 miles, as may be necessary to connect any of their land with other railroads within this Commonwealth."

[fol. 202] Under a special act of Pennsylvania, approved February 13, 1867, the property of the Howard was merged with that of the Union under the name of the latter company. This act provided for the issue of \$100,000 additional capital stock of the Union "with the same or so much thereof as may be necessary for that purpose to redeem and retire the shares of stock which then may have been issued by the said The Howard Coal and Iron Company." The property of the Howard was conveyed to the Union by deed dated February 14, 1867.

#### History of Corporate Financing

The authorized capital stock was \$100,000, divided into shares of \$50 each.

#### Development of Fixed Physical Property

The Howard undertook, but did not complete, the construction of about 19 miles of road from Union Junction to Green Ridge, Penn.

### The Ticonderoga Railroad Company

(The Ticonderoga)

#### Introductory

There are no obtainable accounting records prior to March 14, 1902, when the general books were opened. The information here submitted was taken from the articles of association, minute books

of directors and stockholders, and from the existing accounting records.

#### Development of Fixed Physical Property

Construction of the road was begun in 1890, under contract with P. W. Clement, who was to receive, under the terms of the contract dated July 23, 1890, \$30,000 in capital stock and \$30,000 in bonds. The road was completed about February 2, 1891, and placed in operation on that date.

#### History of Corporate Financing

The articles of association authorized capital stock of \$30,000, divided into shares of \$100 each. Of the common stock, \$15,000 was issued for an equal amount of cash and \$3,500 in part payment for construction or property. The preferred stock, in amount \$11,500, was issued in part payment for construction or property.

There was but one issue of long-term debt, first-mortgage 30-year 6 per cent bonds, due January 1, 1921, amounting to \$30,000, which was issued in part payment for construction or property, and was outstanding on date of valuation.

The Ticonderoga issued, during the period 1907 to date of valuation, short-term notes for temporary financing amounting to \$14,253.60, all of which were outstanding on date of valuation.

[fol. 203]

#### Result of Corporate Operations

Income Statement.—The income statement of the Ticonderoga for year ended on date of valuation, and for period February 2, 1891, to date of valuation, follows:

|  | Year       | Period      |
|--|------------|-------------|
| Income from lease of road .....                              | \$3,300.00 | \$63,500.00 |
| Gross income .....   | 3,300.00   | 63,500.00   |
| Interest on funded debt .....                                | 1,800.00   | 27,000.00   |
| Interest on unfunded debt .....                              | 919.71     | 4,160.66    |
| Maintenance of investment organization ..                    | 629.60     | 10,092.94   |
| Total deductions from gross income ..                        | 3,349.31   | 41,253.60   |
| Net income .....   | .....      | 22,246.40   |
| Net loss .....   | 49.31      | .....       |
| Income applied to sinking and other reserve funds .....      | .....      | 14,000.00   |
| Dividend appropriations of income .....                      | 1,500.00   | 22,500.00   |
| Total appropriations of income ..                            | 1,500.00   | 36,500.00   |
| Income balance transferred to debit of profit and loss ..... | 1,549.30   | 14,253.60   |

Profit and Loss Account.—The only item in the profit and loss account is the debit balance of \$14,253.60, transferred from income.

### Investment in Road and Equipment

The Ticonderoga owns no equipment. On date of valuation; the investment in road showed a balance of \$60,000, which had been established as follows:

#### Original construction:

|                            |          |
|----------------------------|----------|
| Money outlay .....         | \$15,000 |
| Capital stock issued ..... | 15,000   |
| Common .....               | \$3,500  |
| Preferred .....            | 11,500   |
| Funded debt .....          | 30,000   |
| Total .....                | 60,000   |

#### Original Cost to Date

As stated in the text of the report, the obtainable data on original cost to date of the property of the Ticonderoga are represented by the amount of its investment account. In addition to that amount, the carrier has made expenditures to the property for improvements totaling \$55,833.17, classified as follows:

| Class                                 | Amount       |
|---------------------------------------|--------------|
| Engineering .....                     | \$14.00      |
| Land .....                            | 15,130.96    |
| Grading .....                         | 126.96       |
| Bridges, trestles and culverts .....  | 467.60       |
| Ties .....                            | (Cr.) 209.90 |
| Rails .....                           | (Cr.) 664.60 |
| [fol. 204] Other track material ..... | (Cr.) 339.91 |
| Ballast .....                         | 69.60        |
| Track laying and surfacing .....      | (Cr.) 25.73  |
| Station and office buildings .....    | 19,888.78    |
| Water and fuel stations .....         | 187.96       |
| Superstructure (not separable) .....  | 183.17       |
| Sidings and spur tracks .....         | 21,106.20    |
| Unclassified labor .....              | (Cr.) 41.92  |
| Total .....                           | 55,833.17    |

#### Leased Railway Property

The property of the Ticonderoga has been operated by the carrier since the date the road was opened for operation, under an agreement dated August 13, 1890, and effective for the life of the lessor. The terms of the lease and the rental accrued for the year ending on date



of valuation are given in the chapter on "Leased railway property" of the report on the carrier.

## The Chateaugay and Lake Placid Railway Company

### (The Placid)

#### Introductory

There are no obtainable accounting records and the information here submitted was taken from the reports of the Public Service Commission of New York, the annual reports rendered to us, the return of the carrier on corporate history, and from the accounting records of the latter.

#### Corporate History

The corporations whose franchises and properties have gone to make up the present company, and the dates of the changes in those several corporations, are shown in the following table:

| Sym-<br>bol<br>No. | Corporate name       | Date of incorporation | State  | Date of acquisition<br>by successor |
|--------------------|----------------------|-----------------------|--------|-------------------------------------|
| 1                  | Placid .....         | July 24, 1903.....    | N. Y.. | Present company.                    |
| 2                  | Chateaugay .....     | May 15, 1879.....     | N. Y.. | July 24, 1903.*                     |
| 3                  | Chateaugay Railway.. | July 13, 1887.....    | N. Y.. | July 10, 1903.*                     |
| 4                  | Saranac .....        | June 13, 1890.....    | N. Y.. | July 24, 1903.*                     |

#### [fol. 205] Development of Fixed Physical Property

The property owned by the Placid, on date of valuation, was acquired as follows:

| By consolidation:   | Date acquired | Miles  |
|---|---------------|--------|
| Chateaugay .....  | July 24, 1903 | 16.691 |
| Constructed by the Chateaugay during the period May 15, 1879, to March 30, 1880 |               |        |
| Chateaugay Railway .....  | July 24, 1903 | 36.694 |
| Constructed 1886 by Chateaugay Ore and Iron Company .....                       |               | 18.100 |
| Constructed by Chateaugay 1887-1888 .....                                       |               | 18.594 |
| Saranac .....   | July 24, 1903 | 10.100 |
| Date of construction unknown.   |               |        |
| Total .....   |               | 63.485 |

\*Merged on respective dates to form No. 1.

## History of Corporate Financing

The records of the Placid disclose no syndicating transactions.

The Placid issued and assumed securities amounting to \$3,794,000 in the acquisition and reconstruction of its property, of which \$344,000 has been retired, leaving \$3,450,000 outstanding on date of valuation. A summary of the issues and retirements and the amount outstanding is as follows:

| Class                     | Issued<br>or assumed | Retired | Outstanding |
|---------------------------|----------------------|---------|-------------|
| Capital stock issued..... | \$3,450,000          | .....   | \$3,450,000 |
| Funded debt assumed....   | 344,000              | 344,000 | .....       |
| Total .....               | 3,794,000            | 344,000 | 3,450,000   |

The par value of securities issued and the recorded considerations received therefor follows:

| Par<br>value issued | Consideration                 | Recorded<br>value received |
|---------------------|-------------------------------|----------------------------|
| \$794,000           | Construction or property..... | \$794,000                  |
| 3,000,000           | Advances .....                | 3,000,000                  |
| 3,794,000           | Total .....                   | 3,794,000                  |

[fol. 206] Securities of the par value of \$344,000 were retired with \$356,160 cash. The difference, \$12,160, was charged to investment in road and equipment.

Capital Stock.—The consolidation agreement authorized \$450,000 of common stock, divided into shares of \$100 each, and provided that it should be issued as follows:

A par value of \$187,500 in exchange for \$75,000 common stock of the Chateaugay, \$187,500 par value in exchange for \$168,000 common stock of the Chateaugay Railway, and \$75,000 par value in exchange for \$225,000 common stock of the Saranac. The records show that the stock was issued in accordance with the terms of the consolidation agreement and charged to investment in road and equipment.

Preferred stock in the amount of \$3,000,000 was authorized for the purpose of paying the carrier for advances made in changing the gauge of the road from narrow to standard, reducing the grades, and in retiring the funded debt that the carrier had assumed at the time of consolidation. The records state that \$3,000,000 par value was issued to the carrier in payment for a like amount of advances.

Funded Debt.—The Placid assumed three issues of funded debt, aggregating \$344,000 par value, all of which have been retired with cash amounting to \$356,160 in the acquisition of property. The difference of \$12,160 was charged to investment in road and equipment.

The details of the individual issues of securities will be found in the accounting report hereinbefore referred to.

Nonnegotiable Debt to Affiliated Companies.—From 1903 to date of valuation, the carrier advanced the Placid in open account \$3,000,000 for the following purposes:

|   |   |                |
|---|---|----------------|
| Additions and betterments.....            |   | \$2,588,998.63 |
| Retirement of funded debt.....            |   | 356,160.00     |
| Deficit in operations 1903 and 1904 ..... | <div style="display: inline-block; vertical-align: middle;"> <div style="display: inline-block; vertical-align: middle;">Charged<br/>to investment<br/>in road and<br/>equipment</div> <div style="display: inline-block; vertical-align: middle; font-size: 3em;">}</div> </div> | 33,151.62      |
| Interest charged on unpaid advances.....  |   | 21,689.75      |
| Total .....                               |   | 3,000,000.00   |

These advances were paid by the issue of a like amount of preferred stock.

Decrease in Stocks, Bonds, or Other Securities in the Consolidation of July 24, 1903.—The par value of capital stock and long-term securities issued or assumed by the Placid in acquiring the property of the three companies consolidated to form the Placid was \$43,000 less than the par value of the securities the consolidating companies had issued at the date of consolidation, as shown by the following tabulation:

| [fol. 207]                   | Rate of interest,<br>per cent | Outstanding securities of consolidating companies | Securities issued or assumed by Placid |
|------------------------------|-------------------------------|---|--|
| <b>Capital stock:</b>        |                               |   |  |
| Chateaugay .....             | ..                            | \$75,000  | \$187,500                              |
| Chateaugay Railway.....      | ..                            | 168,000   | 187,500                                |
| Saranac .....                | ..                            | 250,000   | 75,000                                 |
| Total .....                  | ..                            | 493,000   | 450,000                                |
| <b>Long-term securities:</b> |                               |   |  |
| <b>Bonds:</b>                |                               |   |  |
| Chateaugay Railway.....      | 6                             | 200,000   | 200,000                                |
| Saranac .....                | 5                             | 144,000   | 144,000                                |
| Total .....                  | ..                            | 344,000   | 344,000                                |
| Grand total.....             | ..                            | 837,000   | 794,000                                |

### Results of Corporate Operations

Income Account.—The income account of the Placid for the year ended on date of valuation, and for the period July 24, 1903, to date of valuation, follows:

|   | Year         | Period       |
|---|--------------|--------------|
| Income from lease of road.....                              | \$126,741.13 | \$894,928.65 |
| Railway tax accruals.....                                   | 40,561.88    | 65,886.98    |
| Gross income .....  | 86,179.25    | 829,941.67   |
| Interest on funded debt.....                                | .....        | 86,600.00    |
| Rent for leased roads.....                                  | 1,141.95     | 6,207.40     |
| Total deductions from gross income.....                     | 1,141.95     | 92,807.40    |
| Net income .....  | 85,037.30    | 736,234.27   |
| Dividend appropriations of income..                         | 85,037.30    | 764,068.78   |
| Income balance transferred to debit of profit and loss..... | .....        | 27,834.51    |

Profit and Loss Account.—The profit and loss account of the Placid, on date of valuation, follows:

Credits:

Miscellaneous credits:

Deficit in operation of road during the years 1903 and 1904 credited to this account and charged to investment in road and equipment..... \$33,151.62

Total ..... 33,151.62

Debits:

Debit balance transferred from income..... 27,834.51

Credit balance ..... 5,317.11

Total ..... 33,151.62

[fol. 208] Investment in Road and Equipment

The Placid owns no equipment. On date of valuation, the investment in road account carried a balance of \$3,450,000, which had been established as follows:

Roads acquired:

Chateaugay: Capital stock issued..... \$187,500.00

Chateaugay Railway:  
Capital stock issued..... 187,500.00

Funded debt assumed..... 200,000.00

Saranac:  
Capital stock issued..... 75,000.00

Funded debt assumed..... 144,000.00

Total ..... 794,000.00

## Additions and betterments:

|  |              |
|--|--------------|
| Money outlay (cash expenditures made by the carrier) ..... | 2,588,998.63 |
|--|--------------|

## Other items:

|   |           |
|---|-----------|
| Deficit in operation of road during the years 1903 and 1904 ..... | 33,151.62 |
|---|-----------|

|  |           |
|--|-----------|
| Cost above par in retiring \$200,000 par value first mortgage bonds of the Chateaugay Railway..... | 12,160.00 |
|--|-----------|

|  |           |
|--|-----------|
| Interest charged by the carrier on unpaid advances ..... | 21,689.75 |
|--|-----------|

|             |           |
|-------------|-----------|
| Total ..... | 67,001.37 |
|-------------|-----------|

|                   |              |
|-------------------|--------------|
| Grand total ..... | 3,450,000.00 |
|-------------------|--------------|

If the debits in "Other items" were eliminated, the balance would be decreased to \$3,382,998.63.

This balance, so far as it is resolvable into kinds of considerations, would comprise the following elements:

|                            |                |
|----------------------------|----------------|
| Recorded money outlay..... | \$2,588,998.63 |
|----------------------------|----------------|

|                                      |            |
|--------------------------------------|------------|
| Capital stock issued, par value..... | 450,000.00 |
|--------------------------------------|------------|

|                                     |            |
|-------------------------------------|------------|
| Funded debt assumed, par value..... | 344,000.00 |
|-------------------------------------|------------|

|             |              |
|-------------|--------------|
| Total ..... | 3,382,998.63 |
|-------------|--------------|

The corrected balance may include certain expenditures for property retired or abandoned, and it may also include the cost of lands classified as noncarrier, or as partly carrier and partly noncarrier.

## Original Cost to Date

Cost of Lands.—The Placid reports the original cost of all lands owned, including both carrier and noncarrier, as \$43,566.46. In verifying the returns, a deduction of \$16,823.60 was made as not constituting land costs. The resulting balance of \$26,742.86, made up in part of costs supported by accounting records and in part of substantial deed considerations, which the Placid claims to represent costs but which are not supported by accounting records, may be classified as follows:

| [fol. 209]  | Classification | Costs supported by accounting records | Costs not supported by accounting records |
|---|----------------|---------------------------------------|---|
| Carrier lands owned and leased to the carrier .....                   |                | \$8,690.56                            | \$12,723.95                               |
| Lands classified as noncarrier; owned ..                              |                | 2,604.95                              | .....                                     |
| Lands classified as partly carrier and partly noncarrier; owned ..... |                | 2,418.40                              | 305.00                                    |

## Leased Railway Property

The Chateaugay Railroad, a predecessor of the Placid, leased the property of the Dannemora, extending from Dannemora to Bluff Point, N. Y., for 100 years from July 1, 1879, under an agreement dated May 20, 1879. This lease was assigned to the carrier when the property of the Placid was leased to the latter.

The entire property owned by the Placid and its leased line is operated by the carrier under a lease dated July 1, 1905, and modification dated May 17, 1907, effective 500 years from January 1, 1903. Under the terms of this lease the carrier maintains and operates the property, pays all the taxes, interest upon the bonds for which it has become obligated, and advances the necessary funds to supply any insufficiencies of the earnings to pay the expenses and provide for the costs of improvements and to retire the bonds when due. The lessor shall pay such advances with interest at 4 per cent, dividends upon the preferred stock at 4 per cent issued to the lessee for advances, and any balance from the earnings shall be paid to the lessor.

### Chateaugay Railroad Company

#### (Chateaugay Railroad)

#### Predecessor of the Placid

#### Introductory

There are no obtainable accounting records of the Chateaugay Railroad prior to January 1, 1888, and the information here submitted was taken from the sworn reports made to the Railroad Commission of New York and the accounting records subsequent to that date.

#### Corporate History

The Chateaugay Railroad was incorporated May 15, 1879, under the general laws of New York for a term of 100 years. The purpose of incorporation was to construct, operate and maintain a railroad from the ore beds near Lyon Mountain to a connection with the Dannemora at Dannemora, a distance of about 16.691 miles. The [fol. 210] articles of association provided for the construction of a railroad "of the gauge of not more than three feet and six inches and not less than thirty inches within the rails." Its organization was perfected May 15, 1879. It was controlled by the Chateaugay Ore and Iron Company through ownership of the entire issue of capital stock. The Chateaugay Railroad was consolidated and merged with the Chateaugay Railway and the Saranac to form the Placid under an agreement of consolidation dated July 24, 1903.

### Development of Fixed Physical Property

At July 24, 1903, the Chateaugay Railroad owned 16.691 miles of single track, standard gauge railroad, extending from Lyon Mountain to Dannemora, N. Y.

The owned mileage was constructed during the period May 15, 1879, to March 30, 1880, the road being opened for operation on the latter date. The conditions under which the road was constructed were not of record.

### History of Corporate Financing

The Chateaugay Railroad issued securities amounting to \$175,000, of which \$100,000 was retired, leaving \$75,000 outstanding at demise. The securities were:

|                     |          |
|---------------------|----------|
| Capital stock ..... | \$75,000 |
| Funded debt .....   | 100,000  |
| Total .....         | 175,000  |

**Capital Stock, Common.**—The authorized capital stock was \$75,000, divided into shares of \$100 each. This amount was issued between May 15, 1879, and September 30, 1880, for unknown considerations. At July 24, 1903, the entire issue of capital stock was held by the Chateaugay Ore and Iron Company.

**Funded Debt.**—Five-year 7 per cent mortgage bonds, of a par value of \$100,000, dated September 1879, were issued and retired. It is not of record for what purpose these bonds were issued. Neither the consideration received in the issue nor the consideration given in the retirement is of record.

**Short-term Notes.**—At January 1, 1888, when the accounting records were opened, there was a balance in the notes payable account of \$24,403.41, the considerations for which are not of record. From 1888 to 1903 the Chateaugay Railroad issued, in addition, short-term notes for temporary financing to the amount of \$104,644.73, for \$20,981.80 cash and \$83,662.93 for construction or property. There was retired \$10,800 by the proceeds from the sale of narrow gauge equipment, leaving a balance of \$118,248.14 outstanding.

### Results of Corporate Operations

The income account of the Chateaugay Railroad for the period March 30, 1880, to July 24, 1903, follows:

[fol. 211]      Operating income:

|   |                |
|---|----------------|
| Railway operating revenues .....          | \$3,779,078.64 |
| Railway operating expenses .....          | 3,075,245.72   |
| Net revenue from railway operations ..... | 703,832.92     |
| Railway tax accruals .....                | 64,952.54      |
| Railway operating income .....            | 638,880.38     |

## Nonoperating income:

|                                 |          |
|---------------------------------|----------|
| Miscellaneous rent income ..... | 1,222.25 |
|---------------------------------|----------|

|                    |            |
|--------------------|------------|
| Gross income ..... | 640,102.63 |
|--------------------|------------|

## Deductions from gross income:

|                             |            |
|-----------------------------|------------|
| Rent for leased roads ..... | 252,775.50 |
|-----------------------------|------------|

|                           |        |
|---------------------------|--------|
| Miscellaneous rents ..... | 600.00 |
|---------------------------|--------|

|                                 |           |
|---------------------------------|-----------|
| Interest on unfunded debt ..... | 20,693.72 |
|---------------------------------|-----------|

|  |            |
|--|------------|
| Total deductions from gross income ..... | 274,069.22 |
|--|------------|

|  |            |
|--|------------|
| Income balance transferred to debit of profit and loss | 366,033.41 |
|--|------------|

If the delayed income debit in profit and loss account was applied to income, the credit balance transferred to profit and loss would be \$360,046.03.

Profit and Loss.—The profit and loss account of the Chateaugay Railroad, at July 24, 1903, follows:

|   | Debit      | Credit       |
|---|------------|--------------|
| Credit balance transferred from income. . . . .   |            | \$366,033.41 |
| Delayed income debits: Deficit from operation of Saranac from January 1, 1897, to January 1, 1903 ..... | \$5,987.38 |              |

## Miscellaneous debits:

|  |           |
|--|-----------|
| Net amount transferred from the profit and loss account of this company to the Chateaugay Ore and Iron Company ..... | 62,499.03 |
|--|-----------|

|                                      |            |
|--------------------------------------|------------|
| Credit balance at July 24, 1903. . . | 297,547.00 |
|--------------------------------------|------------|

|             |            |            |
|-------------|------------|------------|
| Total ..... | 366,033.41 | 366,033.41 |
|-------------|------------|------------|

## Investment in Road and Equipment

The balance in the investment in road and equipment account at July 24, 1903, was \$510,480.18. This balance is summarized as follows:

## Original construction:

|   |              |
|---|--------------|
| Recorded money outlay, including notes payable. . . . | \$252,656.10 |
| Cash .....  | \$251,535.96 |
| Notes payable .....                                   | 1,120.14     |



## Additions and betterments:

|  |                   |
|--|-------------------|
| Road: money outlay for changing the road gauge from narrow to standard in 1902 and 1903..... | 13,697.66         |
| [fol. 212] Equipment: Recorded money outlay, including notes payable....                     | 274,360.80        |
| Cash .....   | \$191,818.01      |
| Notes payable .....  | 82,542.79         |
| Less:  |                   |
| Equipment retired..  | 11,500.00         |
| Depreciation written off .....   | 18,734.38         |
|  | <u>30,234.38</u>  |
|  | 244,126.42        |
| Total .....  | <u>510,480.18</u> |

This balance comprises the following elements:

|                             |              |
|-----------------------------|--------------|
| Recorded money outlay ..... | \$457,051.63 |
| Notes payable .....         | 83,662.93    |

Less deductions not assignable specifically to any one or more of the classes of outlay above stated:

|                                |           |
|--------------------------------|-----------|
| Equipment retired .....        | 11,500.00 |
| Depreciation written off ..... | 18,734.38 |

## Original Cost to Date

The original cost to date of the common-carrier property of the Chateaugay Railroad at July 24, 1903, cannot be fully ascertained owing to the absence of the accounting records prior to January 1, 1888, and those of the contractor who constructed the original road. Eliminating equipment, the outlay for the roadway property may be summarized as follows:

|                               |              |
|-------------------------------|--------------|
| Recorded money outlay .....   | \$265,233.62 |
| Outlay in notes payable ..... | 1,120.14     |

The Chateaugay Railroad has classified its recorded investment in road and equipment, in its sworn reports to the Railroad Commission of New York, as follows:

## Road:

|   |                   |
|---|-------------------|
| Engineering expenses .....                  | \$7,025.30        |
| Land and land damages .....                 | 5,035.24          |
| Grading, masonry and ballast .....          | 84,189.71         |
| Bridges, trestles and culverts .....        | 18,026.31         |
| Superstructures, including ties .....       | 120,013.29        |
| Passenger and freight stations .....        | 9,714.18          |
| Engine and car houses .....                 | 8,652.07          |
| Changing from narrow to standard gauge..... | 13,697.66         |
| Total .....                                 | <u>266,353.76</u> |

## Equipment:

|                            |                   |
|----------------------------|-------------------|
| Steam locomotives .....    | 73,542.10         |
| Passenger-train cars ..... | 33,451.50         |
| Freight-train cars .....   | 137,132.82        |
| Total .....                | <u>244,126.42</u> |
| Grand total .....          | <u>510,480.18</u> |

[fol. 213]

## Leased Railway Property

The Chateaugay Railroad operated under lease the following roads owned by other common carriers:

The Dannemora.—This road, extending from Dannemora to Bluff Point, N. Y., was operated under an agreement dated May 20, 1879, for 100 years from July 1, 1879. The agreement provided a rental of \$1 per year and free transportation of supplies for the prison and of officials traveling on business connected with the Clinton Prison. The agreement also provided for the exemption of all taxes levied by the state of New York.

The Chateaugay Railway.—This road, extending from Lyon Mountain to Saranac Lake N. Y., was operated under an agreement dated July 1, 1888, in perpetuity. The agreement provided that the lessee maintain the property, pay all taxes and also pay the interest on the funded debt, which was 6 per cent on an issue of \$200,000.

The Saranac.—This road, extending from Saranac Lake to Lake Placid, N. Y., was operated under an agreement dated December 19, 1896, for 17 years from January 1, 1897. This agreement provided that the lessee should pay as rental \$7,200 per year, which was the interest at 6 per cent on \$120,000 of its first-mortgage bonds.

The property of the Chateaugay Railroad was leased to the carrier under an agreement dated July 1, 1905, effective from January 1, 1903, to July 24, 1903, when it was consolidated with the Chateaugay Railway and the Saranac to form the Placid.

The Chateaugay Railway Company  
(Chateaugay Railway)

Predecessor of the Placid

## Introductory

There are no obtainable accounting records of the Chateaugay Railway and the information here submitted has been taken from the articles of association, the sworn reports made to the Railroad Commission of New York, and from the returns of the carrier.

## Corporate History

The Chateaugay Railway was incorporated July 13, 1887, under the general laws of New York for the purpose of constructing, operat-

ing and maintaining a narrow gauge railroad from Saranac Lake to Loon Lake, N. Y., and with the authority to purchase from the Chateaugay Ore and Iron Company a narrow gauge railroad already constructed from Loon Lake to Lyon Mountain, N. Y. The Chateaugay Railway was controlled by the Chateaugay Ore and Iron Company through ownership of its entire issue of capital stock.

[fol. 214]      Development of Fixed Physical Property

At July 24, 1903, the Chateaugay Railway owned about 36.694 miles of single track, standard gauge, railroad located in the state of New York. Its line of road extends from a connection with the Chateaugay Railroad at Lyon Mountain to a connection with the Saranac at Saranac Lake and thus forms part of the through route from Lake Placid to Bluff Point, a connection with the carrier.

The road from Loon Lake to Lyon Mountain, about 18.100 miles, was acquired from the Chateaugay Ore and Iron Company in 1887. This road was constructed by that company in 1886 for its own use in connection with its mining interests. The road from Loon Lake to Saranac Lake, about 18.594 miles, was acquired by construction in 1887 and 1888, and opened for operation about July 1, 1888.

### History of Corporate Financing

The Chateaugay Railway issued capital securities amounting to \$368,000, all of which were outstanding at July 24, 1903. The securities consisted of:

|                     |           |
|---------------------|-----------|
| Capital stock ..... | \$168,000 |
| Funded debt .....   | 200,000   |
| Total .....         | 368,000   |

**Capital Stock, Common.**—The authorized capital stock was \$168,000, divided into shares of \$100 each. The entire amount was issued to the Chateaugay Ore and Iron Company for the railroad of that company extending from Loon Lake to Lyon Mountain, N. Y., about 18.100 miles.

**Funded Debt.**—The funded debt consisted of first-mortgage 20 year, 6 per cent bonds, par value \$200,000, dated August 1, 1887, authorized for the purpose of securing funds with which to construct the railroad from Loon Lake to Saranac Lake. The entire amount was issued at one time to the Chateaugay Ore and Iron Company, and funds for the construction of the railroad were drawn from that company as needed on basis of the par value of the bonds and the accrued interest to the date of sale. It is therefore apparent that the Chateaugay Ore and Iron Company supervised and financed the construction of the road from Saranac Lake to Loon Lake and received these bonds in payment of the advances.

### Result of Corporate Operations

**Income Account.**—The income account of the Chateaugay Railway for the period July 1, 1888, to July 24, 1903, as reported to the Railroad Commission of New York, consisted entirely of income received from lease of road, amounting to \$189,000, and the same amount was disbursed in the payment of interest on funded debt.

### Investment in Road and Equipment

The report of the Chateaugay Railway to the Railroad Commission of New York for June 30, 1903, states the investment in road (it [fol. 215] owned no equipment) as \$368,000. This amount is made up as follows:

#### Road acquired:

|   |           |
|---|-----------|
| Railroad of the Chateaugay Ore and Iron Company from<br>Lyon Mountain to Loon Lake about 18.100 miles. Par<br>value of capital stock issued ..... | \$168,000 |
|---|-----------|

#### Original construction:

|  |         |
|--|---------|
| Railroad from Loon Lake to Lake Saranac, about 18.594<br>miles, par value of funded debt issued..... | 200,000 |
| Total .....  | 368,000 |

### Original Cost to Date

The original cost of the common-carrier property of the Chateaugay Railway at July 24, 1903, cannot be ascertained with exactness owing to the absence of the accounting records of the Chateaugay Railway, the Chateaugay Ore and Iron Company, and the contractors who constructed the original road. The carrier acquired the entire property of the Chateaugay Railway by lease from January 1, 1903, and immediately began changing the gauge from narrow to standard, which was accomplished for the most part during the year 1903. The expenses for these improvements are included in the outlay for the property of the successor company, the Placid. The obtainable data on the outlay for creating and improving the common-carrier property of the Chateaugay Railway to July 24, 1903, as recorded in the investment in road account, consists of the outlay there stated as capital stock, \$168,000, and funded debt \$200,000.

In its report to the Railroad Commission of New York, the recorded expenditures for the property have been classified as follows:

| Road:                             | Acquired, Loon<br>Lake to Lyon<br>Mountain | Constructed,<br>Saranac<br>Lake to<br>Loon Lake | Total    |
|-----------------------------------|--|---|----------|
| Engineering expenses . . . . .    | \$7,000                                    | \$5,732   | \$12,732 |
| Land and land damages . . . . .   | .....                                      | .....   | .....    |
| Grading; masonry and ballast      | 82,840                                     | 99,408  | 182,248  |
| Superstructure, including ties    | 21,410                                     | 25,610  | 47,020   |
| Rails . . . . .                   | 50,750                                     | 60,900  | 111,650  |
| Passenger and freight stations    | 4,500                                      | 6,700   | 11,200   |
| Engine and car houses . . . . .   | 1,000                                      | 1,200   | 2,200    |
| Fuel and water stations . . . . . | 500  | 450   | 950      |
| Total . . . . .                   | 168,000                                    | 200,000   | 368,000  |

#### Leased Railway Property

The property of the Chateaugay Railway was leased in perpetuity to the Chateaugay Railroad from completion, about July 1, 1888, at an annual rental of the interest on its funded debt, amounting to \$12,000 annually. This lease was terminated January 1, 1903, when [fol. 216] the property was then leased to the carrier under similar arrangements, until July 24, 1903, when the Chateaugay Railway was consolidated and merged with several other companies to form the Placid.

#### Saranac & Lake Placid Rail Road Company (Saranac)

#### Predecessor of the Placid

#### Introductory

The obtainable accounting records of the Saranac were opened at March 17, 1896, and the information here submitted concerning the company was taken from those records, the articles of association, the minutes of meetings of stockholders and directors, reports of Railroad Commissioners of New York, and from the records of the successor company, the Placid.

#### Corporate History

The Saranac was incorporated June 13, 1890, under the general laws of New York, for a period of 100 years. The purpose of incorporation was to construct, maintain and operate a narrow gauge railroad from Lake Placid to Saranac Lake, N. Y., a distance of about 10.100 miles. The Saranac was consolidated on July 24, 1903, with other companies to form the Placid.

## History of Corporate Financing

The Saranac issued securities amounting to \$394,000, all of which were outstanding at its demise. They consisted of:

|                                 |           |
|---------------------------------|-----------|
| Capital stock .....             | \$250,000 |
| First-mortgage gold bonds.....  | 120,000   |
| Second-mortgage gold bonds..... | 24,000    |
| Total .....                     | 394,000   |

**Capital Stock, Common.**—The amount of capital stock originally authorized was \$100,000, divided into shares of \$100, each. At April 25, 1893, under authority of the stockholders and the Board of Railroad Commissioners of New York, the capital stock was increased to \$250,000. There are no accounting records for the period of issue of the capital stock, but the reports of Railroad Commissioners of New York for 1890 to 1893 state that \$50,000 of this amount was issued for cash and \$200,000 for construction or property.

**Funded Debt.**—First-mortgage bonds of a par value of \$120,000 which were authorized for the purpose of securing funds for the construction of the railroad, and were payable in 20 years from May 1, 1893, with interest at six per cent. The interest rate was subsequently reduced to five per cent by agreement with the bondholders and the date of maturity extended to November 1, 1913. The reports of [fol. 217] Railroad Commissioners of New York for 1893 state that the bonds were issued for \$110,000 cash, but there are no records to show what disposition was made of the \$10,000 discount.

Second-mortgage bonds of a par value of \$24,000 were authorized by the Saranac for the purpose of liquidating the floating debt of the company. They were payable in 17 years from November 1, 1896, with interest at five per cent. Of the total issue, \$13,000 was issued in exchange for a like amount of notes payable, and \$11,000 was issued in payment of current liabilities amounting to \$9,697.50. The discount, \$1,302.50, was charged to investment in road and equipment.

**Short-term Notes.**—The Saranac issued for cash short-term notes for temporary financing amounting to \$36,020.78. This amount was retired by \$23,020.78 cash and \$13,000 second-mortgage bonds.

**Cash Advances.**—The Saranac received cash advances from E. D. Shipard & Company, bankers, aggregating \$17,684.54, that was carried in open account. E. D. Shipard was a director and took a very active part in the Saranac's affairs. The advances that his company made were liquidated in part by \$10,500 par value of second-mortgage bonds and the balance by cash.

## Result of Corporate Operations

**Income Account.**—The Saranac was operated from January 1, 1897, to January 1, 1903, by the Chateaugay Railroad, and from January 1, 1903, to July 24, 1903, by the carriers. The recorded re-

sults of operations for the period August 1, 1893, to June 30, 1903, are summarized in the following income and profit and loss statements:

|   |             |
|---|-------------|
| Operating income:   |             |
| Railway operating revenues.....                           | \$93,148.89 |
| Railway operating expenses.....                           | 50,253.40   |
| Net revenue from railway operations.....                  | 42,895.49   |
| Railway tax accruals .....                                | 4,791.61    |
| Railway operating income.....                             | 38,103.88   |
| Nonoperating income:                                      |             |
| Income from lease of road.....                            | 43,048.74   |
| Gross income .....  | 81,152.62   |
| Deductions from gross income:                             |             |
| Interest on funded debt.....                              | 62,033.33   |
| Interest on unfunded debt.....                            | 1,251.41    |
| Maintenance of investment organization.....               | 2,351.04    |
| Total deductions from gross income.....                   | 65,635.78   |
| Income balance transferred to credit of profit and loss.. | 15,516.84   |

#### Profit and Loss Statement

|   |             |
|---|-------------|
| Credits:                                    |             |
| Credit balance transferred from income..... | \$15,516.84 |
| Debit balance at June 30, 1903.....         | 1,983.16    |
| Total .....                                 | 17,500.00   |
| [fol. 218] Debits:                          |             |
| Dividend appropriations of surplus.....     | 17,500.00   |
| Total .....                                 | 17,500.00   |

The Saranac paid annual dividends of 3 per cent in 1894 and 2 per cent in 1895 and 1896.

#### Investment in Road and Equipment

The balance in the investment in road and equipment account at July 24, 1903, was \$358,018.18. This balance was divided \$339,927.56, road, and \$18,090.62, equipment, and is summarized as follows:

## Original construction and additions and betterments:

|  |                   |
|--|-------------------|
| Recorded money outlay .....                | \$156,715.68      |
| Capital stock issued .....                 | 200,000.00        |
| <b>Total</b> .....                         | <b>356,715.68</b> |
| Other items: Discount on funded debt ..... | 1,302.50          |
| <b>Grand total</b> .....                   | <b>358,018.18</b> |

If the debit in "Other items" not in accord with our present accounting rules be eliminated from the investment in road and equipment account, the balance in that account would be reduced to \$356,715.68.

## Original Cost to Date

The original cost of the common-carrier property owned by the Saranac on July 24, 1903, can not be fully ascertained owing to the absence of complete accounting records of the Saranac and those of the contractors who constructed the original road. The obtainable data on the outlay for creating and improving as recorded in the investment in road and equipment account, exclusive of equipment, is as follows:

|   |              |
|---|--------------|
| Recorded money outlay .....   | \$156,715.68 |
| Capital stock issued .....  | 200,000.00   |
| Less deductions not assignable specifically to any one or more of the classes of outlay above stated: Equipment | 18,090.62    |

This outlay may include the discount of \$10,000 on the first-mortgage 20-year gold bonds, the disposition of which was not of record.

The Saranac, in its sworn reports to the Railroad Commissioners of New York, has distributed the recorded investment in road and equipment into the following primary accounts:

## [fol. 219] Road:

|   |                   |
|---|-------------------|
| Engineering expenses .....                          | \$3,851.32        |
| Land and land damages .....                         | 21,143.79         |
| Grading, masonry and ballast .....                  | 1,055.81          |
| Bridges .....                                       | 26.33             |
| Superstructure, including ties .....                | 10,309.11         |
| Rails .....   | 49,462.44         |
| Fences .....  | 662.95            |
| Telegraph and telephone lines .....                 | 646.45            |
| Passenger and freight stations .....                | 5,709.37          |
| Shops, machinery and tools .....                    | 231.70            |
| Shops, engine houses and turntables .....           | 623.33            |
| Road built by contract .....                        | 231,752.46        |
| Interest and discount charged to construction ..... | 14,452.50         |
| <b>Total</b> .....                                  | <b>339,927.56</b> |



## Equipment:

|                              |            |
|------------------------------|------------|
| Steam locomotives .....      | 10,216.62  |
| Passenger cars .....         | 7,000.00   |
| Freight and other cars ..... | 874.00     |
| Total .....                  | 18,090.62  |
| Grand total .....            | 358,018.18 |

## Investments in Other Companies

The records of the Saranac state its investment in other companies at July 24, 1903, as \$20,000, which consisted of that amount of par value stock of the Transfer Company, an organization at Lake Placid for the transfer of freight and passengers. This stock was acquired under unknown circumstances.

## Leased Railway Property

The property of the Saranac was leased for the term of 17 years from January 1, 1897, to the Chateaugay Railroad and the Chateaugay Ore and Iron Company. The lessees agreed to pay as rent a sum of money equal to 35 per cent of the gross receipts received from the operation of the railroad and one-half of the net profits from the operation of the transfer business at Lake Placid, provided, however, that such sum of money shall be at least \$7,200. At January 1, 1903, this lease was assigned to the carrier.

## The Plattsburgh and Dannemora Railroad

## (The Dannemora)

## Introductory

The Dannemora has no accounting or other records, and the information here submitted has been taken from the act authorizing the construction of the railroad and the subsequent acts of 1879 authorizing additional funds for construction purposes, the report of Louis D. Pillsbury, Superintendent of State Prisons, for the year ending September 30, 1879, and from the records of the Comptroller of the state of New York.

## [fol. 220] Development of Fixed Physical Property

After the appropriations were made available the Superintendent invited bids for the construction of the railroad, and on June 24, 1878, he made a contract with John O'Brien, who agreed to grade the roadway, build all bridges and trestles, and furnish and lay the ties and iron for the sum of \$73,000. In addition to this sum the Superintendent furnished, as agreed, a number of convicts who

graded about two miles of the roadway nearest to Dannemora. Construction of the road under the contract was begun about June 24, 1878, completed December 30, 1878, and delivered to the Superintendent of Prisons ready for operation. The original appropriation did not provide for the fences along the right of way and the necessary ballasting of the road, which was provided for in the subsequent appropriations, and this work was done after the road had been turned over by the contractor.

### Investment in Road and Equipment

The investment in road and equipment, as recorded in the accounts of the Auditor of Prison Accounts, Comptroller's office, state of New York, at date of valuation, was \$183,035.98, and consisted of cash expenditures made by Louis D. Pillsbury, Superintendent of State Prisons in 1878-9, from the appropriations made by the state of New York, under special acts during those years for the purpose of constructing and operating the railroad.

Of the \$192,865.34 provided for the construction of the railroad, \$183,035.98 was recorded in the state records as having been expended for that purpose, and is classified as follows:

#### Road:

|   |                   |
|---|-------------------|
| Engineering .....                         | \$3,248.15        |
| Right of way .....                        | 2,487.90          |
| Grading .....                             | 12,835.50         |
| Track laying and surfacing .....          | 2,800.00          |
| Fencing right of way .....                | 16,623.00         |
| Crossings and signs .....                 | 210.00            |
| Station buildings and fixtures .....      | 700.00            |
| Water stations .....                      | 700.00            |
| Shops, engine houses and turntables ..... | 13,980.69         |
| Construction by contract .....            | 73,000.00         |
| Paying employees .....                    | 5,000.00          |
| Operating railroad .....                  | 10,089.00         |
| Lumber, plumbing and painting .....       | 665.48            |
| Management and services .....             | 7,146.28          |
| <b>Total</b> .....                        | <b>149,486.00</b> |
| <b>Equipment</b> .....                    | <b>33,549.98</b>  |
| <b>Grand total</b> .....                  | <b>183,035.98</b> |

#### Original Cost to Date

Cost of Lands.—The Dannemora reports the original cost of all lands owned, including both carrier and noncarrier, as \$19,480.63. In verifying the returns, a deduction of \$10,039.34 was made as not constituting land costs. The resulting balance of \$9,441.29, [fol. 221] made up in part of costs supported by accounting records

and in part of substantial deed considerations and other amounts, which the Dannemora claims to represent costs but which are not supported by accounting records, may be classified as follows:

| Classification  | Costs supported by accounting records | Costs not supported by accounting records |
|---|---------------------------------------|---|
| Carrier lands owned and leased to the carrier .....                   | \$5,997.39                            | \$2,659.90                                |
| Lands classified as noncarrier; owned ..                              | .....                                 | 200.00                                    |
| Lands classified as partly carrier and partly noncarrier; owned ..... | .....                                 | 584.00                                    |

#### Improvements on Leased Railway Property

On January 1, 1903, the carrier leased the property of the Placid and its leased road, the Dannemora, and immediately began changing the entire line of road to standard gauge. At December 31, 1903, there had been expended a total amount of \$2,587,383.63, but the accounting records of the carrier do not show what portion of this amount was expended for improvements to the Dannemora. These changes in the gauge of the Dannemora were authorized by the Superintendent of State Prisons under consents dated August 27, 1902, and February 4, 1904.

#### Leased Railway Property

As soon as the Dannemora was ready for operation, it was leased to the Chateaugay Railroad, under an agreement dated May 20, 1879, for 100 years from July 1, 1879. The terms of the agreement provided, among other things, that the lessee would construct a railroad from Dannemora to Chateaugay ore mines; would, so far as practicable, maintain a regular train schedule; would maintain and operate the road, renew the equipment and relocate the road, and change the gauge at its own expense when found to be necessary; that it would not charge more than 5 cents per mile for the transportation of passengers to and from Clinton Prison; that it would transport without charge the officers of the prison on official business, and all necessary supplies for the maintenance of the prison, charging only a fair and reasonable rate upon the materials used in the construction or repairing of the prison; and that it would be exempt from the payment of all taxes levied by the state.

[fol. 222]

#### Abbreviated Names

|  |                     |
|--|---------------------|
| Adirondack Company .....               | Adirondack Company. |
| Adirondac Estate and Railroad Company, |                     |
| The .....                              | Adirondac Estate.   |
| Adirondack Railway Company, The.....   | Adirondack.         |
| Albany Northern Rail Road.....         | Northern.           |

|   |                     |
|---|---------------------|
| Albany and Susquehanna Rail Road Company .....                                      | Albany.             |
| Albany and Vermont Rail Road Company, The .....                                     | Vermont.            |
| Albany, Vermont and Canada Rail Road Company, The .....                             | Canada.             |
| Baltimore Coal and Union Railroad Company .....                                     | Baltimore.          |
| Chateaugay and Lake Placid Railway Company, The .....                               | Placid.             |
| Chateaugay Railroad Company .....   | Chateaugay.         |
| Chateaugay Railway Company, The .....   | Chateaugay Railway. |
| Cherry Valley, Sharon and Albany Railroad Company, The .....                        | Cherry Valley.      |
| Cherry Valley and Mohawk River Railroad Company .....                               | Cherry Valley.      |
| Cherry Valley and Spraker's Railroad Company .....                                  | Cherry Valley.      |
| Cooperstown and Charlotte Valley Rail Road Company, The .....                       | Cooperstown.        |
| Delaware and Hudson Canal Company, The President, Managers and Company of the ..... | Carrier.            |
| Delaware and Hudson Company, The .....  | Carrier.            |
| Glens Falls Rail Road Company, The .....  | Glens Falls.        |
| Howard Coal and Iron Company, The .....   | Howard.             |
| Lake Ontario and Hudson River Railroad Company, The .....                           | Lake Ontario.       |
| Montreal and Plattsburgh Rail Road Company, The .....                               | Montreal.           |
| New York and Canada Railroad Company, The .....                                     | New York.           |
| New York and Canada Railroad Company, The .....                                     | New York of 1872.   |
| Northern Coal and Iron Company .....  | Northern.           |
| Plattsburgh and Dannemora Railroad, The .....                                       | Dannemora.          |
| Plattsburgh & Montreal Rail Road Company, The .....                                 | Plattsburgh.        |
| Plymouth and Wilkes Barre Rail Road and Bridge Company, The .....                   | None.               |
| President, Managers and Company of the Delaware and Hudson Canal Company, The ..... | Carrier.            |
| Rensselaer and Saratoga Rail Road Company, The .....                                | Rensselaer.         |
| Rutland and Washington Rail-Road Company, The .....                                 | Rutland.            |
| Rutland and Whitehall Rail Road Company .....                                       | Rutland.            |
| Sackett Harbor and Saratoga Railroad Company .....                                  | Lake Ontario.       |
| Salem and Rutland Railroad Company, The .....                                       | None.               |
| Saranac and Lake Placid Rail Road Company .....                                     | Saranac.            |

|  |              |
|--|--------------|
| Saratoga and Fort Edward Rail Road Company, The .....  | None.        |
| Saratoga and Schenectady Rail Road Company, The .....  | Saratoga.    |
| Saratoga and Washington Rail-road Company, The .....   | Washington.  |
| Saratoga & Whitehall Rail Road Company, The .....      | Whitehall.   |
| Schenectady and Duanesburgh Railroad Company .....     | Duanesburgh. |
| Schenectady & Susquehanna Rail Road Company, The ..... | Schenectady. |
| Ticonderoga Railroad Company, The .....                | Ticonderoga. |
| Troy & Rutland Rail-road Company .....                 | Troy.        |
| Troy, Salem & Rutland Rail Road Company, The .....     | Salem.       |
| Union Coal Company, The .....                          | Union.       |
| Whitehall and Plattsburgh Rail Road Company, The ..... | Whitehall.   |

[fol. 223]

## APPENDIX 3

## Analysis of Methods for Determining Working Capital

Working capital is understood to include two parts: First, the investment in a stock of material and supplies and, Second, the cash necessary to pay the operating expenses incurred for common-carrier service prior to the time when the revenues from that service are available.

Considering that the revenues from service performed in any particular period lag behind the expenses incurred for the service within that particular period, the amount of cash working capital needed for operating purposes is the amount by which the matured operating expenses exceed that part of the accrued revenues applicable to operating expenses, which has been collected, has reached the treasury and has become available for paying bills.

It is immaterial whether this fund of working capital is provided by the owners, or secured in part on occasion through bank loans, or in part by impounding that portion of maturing revenues which is applicable as a return on the property.

A practicable way to determine the portion of expenses for service in any period that exceeds maturing revenues from such service will be to consider that, of all operating expenses for service in any period, there will be met from maturing revenues from that service a proportion that is equal to the proportion of all accrued revenues from service within the period that reaches the treasury within that period. The remaining proportion of operating expenses will be the measure of the cash working capital actually used.

Consideration was given to the various factors in this relation be-

tween the available revenues and the expenses within any period. Also, consideration has been given to the requirements in the way of a stock of material and supplies. The factors affecting cash working capital are as follows: the relative amount of revenue from the various classes of service; the elapsed time from the beginning of such service to the receipt in the treasury of the revenues for the service, including, for prepaid freight, the time for movement of empty cars to the point of loading, the time consumed in loading and the time the receipts are in transit to the treasury, and, for C. O. D. freight, in addition, the time for movement under load, the time consumed in unloading and the credit period for payment of charges; the relative amount of operating expenses for various purposes; and the elapsed time from the beginning of the accrual of such respective expenses to the time when they must be paid. The factors in most cases represent the experience of all Class I carriers and in a few cases consist of specially assembled data from the experience of territorially scattered carriers that represent over 40 per cent of the operating expenses of all Class I carriers. For material and supplies, consideration has been given to the average book value of the stock carried by all Class I and Class II carriers on June 30, for the years 1914-1916, and to the fact that some part of this stock is held for additions and betterments and new construction and that some part represents more or less obsolete material. Considering these facts and reducing these data to an equivalent percentage of a year's operating expenses, the result indicates that the average requirements of carriers for operating working capital, including cash on hand and investment in a stock of material and supplies, is about 13.6 per cent of a year's operating expenses. But, since operating expenses for the year ended on date of valuation may be more or less than normal, the expenses for a period, usually five years, preceding date of valuation, have been taken to determine the normal annual expenses as of date of valuation.

[fol. 224] In determining working capital for individual roads, consideration is given, so far as data obtainable from reports on file with the Commission apply, to the difference between the factors applicable to those roads and the average of factors applicable to all roads as a whole, as hereinbefore mentioned. These differences are in respect to the relative amount of revenues from passenger and freight service, and the average haul of freight and the ratio between empty and loaded car movement in their effect upon the elapsed time before the revenues from each class of service are in hand.

Under the law, only such cash and material and supplies as are used for common-carrier purposes may be included in the value found for common-carrier property. Since the above method reveals the amount actually so used, the remainder of such assets that may happen to be in hand because of various causes other than those lying in the performance of common-carrier service must be considered for the purpose of valuation as "held for purposes other than those of a common carrier".

If the amount of cash and material and supplies held on date of valuation is less than the amount determined by the above method, due to assistance from affiliated companies or to other special circumstances, the carrier's common-carrier property of that kind cannot, of course, be greater than the amount actually on hand. In such cases, the value found for working capital is that for the cash and material and supplies.

This method does not lend itself to the determination of working capital for switching and terminal companies, whose operations and methods of financing them are unlike the operations and revenues therefrom of line haul carriers. Therefore, some other method will be used in such cases.

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[fol. 225] DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

ORDER TO SHOW CAUSE—Filed November 1, 1923

Whereas, in the above entitled suit it has been made to appear from the verified petition presented to the undersigned, a District Judge of the United States for the Southern District of New York, [fol. 226] that petitioners therein are entitled to an interlocutory injunction suspending and restraining the enforcement, operation and execution of, and setting aside a certain order made by the Interstate Commerce Commission as of the date of March 28, 1922, as set forth in said petition.

It is ordered, that the respondent herein, The United States of America, appear before the Honorable Charles M. Hough, United States Circuit Judge for the Second Circuit, and the Honorable Learned Hand, United States District Judge for the Southern District of New York, and the undersigned, said judges having been called by the undersigned to his assistance to hear and determine said petition in accordance with the provisions of the Urgent Deficiency Appropriation Act of October 22, 1913, at United States Court and Post Office Building, Room 235, in the City of New York, on the 28th day of June, 1923, at 10:30 o'clock in the forenoon, or as soon thereafter as counsel can be heard, and then and there show cause before said Court and judges so convoked or so called together why the interlocutory injunction prayed for in said petition should not issue, and it is further

Ordered, that a copy of this order with the petition attached thereto [fol. 227] be served upon the Attorney General of the United States and upon the Secretary of the Interstate Commerce Commission at least five days before said 28th day of June, 1923, as by said statute made and provided.

(Signed) Jno. C. Knox, United States District Judge for the Southern District of New York. Dated New York City, New York, this 14th day of June, 1923.

[File endorsement omitted.]

[fol. 228] IN THE DISTRICT COURT OF THE UNITED STATES FOR THE  
SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

INTERVENTION OF INTERSTATE COMMERCE COMMISSION—Filed June  
28, 1923

To the Honorable the Judges of said Court:

In accordance with the provisions of Section 212 of the Judicial Code, 36 Stat. L. 1150, I hereby enter the appearance of the Interstate Commerce Commission, as a party respondent, and of myself as its counsel, in the above-entitled suit.

P. J. Farrell, for Interstate Commerce Commission.

[File endorsement omitted.]

[fol. 229] IN THE DISTRICT COURT OF THE UNITED STATES FOR THE  
SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

MOTION TO DISMISS—Filed June 28, 1923

Comes now the United States of America, defendant in the above entitled case, and moves the court to dismiss the petition herein on the following grounds:

1. The facts set forth in the petition are not sufficient to entitle petitioners to the relief prayed for, or to any relief in equity.

2. To grant the relief prayed for would constitute an invasion by the court of the jurisdiction of the Interstate Commerce Commission in a matter committed by Congress solely to it, and now pending before it.

3. The suit is premature since it appears from the petition that the order of the Interstate Commerce Commission complained of is interlocutory and not final.

[fol. 230] 4. The petitioners have neither invoked nor exhausted their remedy before the Interstate Commerce Commission.

United States of America, by W. D. Riter, Assistant Attorney General.

[File endorsement omitted.]



[fol. 231]

[Title omitted]

[fol. 232] IN THE DISTRICT COURT OF THE UNITED STATES FOR THE  
SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

## MOTION TO DISMISS—Filed June 28, 1923

Now comes the Interstate Commerce Commission, intervening respondent in the above-entitled suit, hereinafter called the commission, and moves the court to dismiss the petition upon the grounds that—

1. The court has no jurisdiction over the subject matter of the petition and may not properly grant the relief or any of the relief asked for in and by the petition.

2. There is no equity in the petition.

3. The petition shows that the suit is not one instituted to enjoin, set aside, annul, or suspend an order of the commission, within the meaning of the urgent deficiency appropriations act of October [fol. 232<sup>1</sup>/<sub>2</sub>] 22, 1913, referred to in Paragraph II of the petition.

4. The petition shows that the commission's order of March 28, 1923, referred to in Paragraph V of the petition, is an interlocutory order over which the court may not properly exercise jurisdiction.

5. The petition shows that each of the valuations covered by the order is a tentative valuation only, over which the court may not properly exercise jurisdiction.

6. The petition shows that, if no protests have been filed in the office of the commission against the tentative valuations covered by the order, the valuations have become final by operation of law.

7. The petition shows that, if protests have been filed in the office of the commission against the tentative valuations covered by the order, the matters included in the protests are now before the commission for hearing and determination and may not properly be reviewed in court until after they have been determined by the commission in accordance with the duties imposed and the authority conferred upon it in and by section 19a of the interstate commerce act.

8. The petition shows that, in making and serving upon the petitioners the tentative valuations covered by the order of March 28, the commission acted in the capacity of an appraiser only, and has [fol. 233] not as yet had an opportunity to hear and determine any matter covered by any protest, the filing of which in the commission's office is provided for in and by said section 19a.

9. The petition does not show that petitioners, or any of them, will suffer legal injury or be harmed in any way if the relief asked for in and by the petition is not granted by the court.

Wherefore, the commission prays that the petition be dismissed.

P. J. Farrell, for Interstate Commerce Commission, Intervening Respondent.

[fol. 234] UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

STENOGRAPHIC MINUTES OF HEARING BEFORE HONORABLE CHARLES M. HOUGH, HONORABLE JOHN C. KNOX, AND HONORABLE HENRY W. GODDARD, JUNE 28, 1923—Filed November 1, 1923

Mr. Newcomb: If the Court please, there is a reference in the order which we are contesting to the decision of the Commission in the Texas-Midland case in these words: "Reference is made to appendix [fol. 235] 3 of the report in Texas-Midland Railroad on valuation reports 108, which is hereby made a part hereof for a statement of the methods employed, and for the reasons in the difference of the various cost matters reported." That is an official report in the decisions of the Interstate Commerce Commission, but it is a little difficult to get and I have here half a dozen copies which perhaps may be of convenience.

Judge Hough: I have here but one copy of the motion to dismiss. There should be three. I think we ought also to be furnished with copies of the bill. Are there other copies of the Motion to dismiss?

Mr. Farrell: On behalf of the United States, I will have to supply additional copies later, your Honor.

Judge Hough: Go on.

Mr. Newcomb: I offer an affidavit of H. E. Hale in support of the motion, additional copies of that; also affidavit of George H. Burgess, in support of the motion.

\* \* \* \* \*

Judge Hough: Within thirty days, did the Corporation file a protest with the Commission?

Mr. Newcomb: Yes, your Honor, a protest was filed within the time prescribed by the Commission.

Judge Hough: Has the Commission fixed a time for hearing?

Mr. Newcomb. It has not. I think, perhaps, I should offer the protest and suggest that it be made a part of the record.

Judge Hough: You may do so.

\* \* \* \* \*

[fol. 236] Judge Hough: Having now looked into the framework of your petition on both of your charges of illegality in this tentative report, now the tentative report is, I take it—correct me if I am wrong—valuation docket No. 328?

Mr. Newcomb: Yes, your Honor.

Judge Hough: I do not appear to have a copy, although it is called an exhibit and made a part of this petition.

Mr. Newcomb: There is a copy attached to the original on file, and we have additional copies.

Judge Hough: I should like very much to have it.

Mr. Newcomb: The original is in the Clerk's Office, but I can supply three copies. There are 195 pages in that document, but not quite enough. I can furnish additional copies of it is desired.

Judge: Yes, it is.

(Three copies handed to the Court.)

[File endorsement omitted.]

[fol. 237] DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

STATE, COUNTY, AND CITY OF NEW YORK, ss:

AFFIDAVIT OF H. E. HALE—Filed July 16, 1923

[fol. 238] H. E. Hale, being duly sworn according to law, deposes and says:

1. That he is a resident of the Borough of Manhattan, in the City, County and State of New York, and for nine years past has been employed and is now employed as Group Engineer of the Eastern Group of the Presidents' Conference Committee on valuation and has his principal place of business at No. 32 Nassau Street, in the city of New York.

2. That the Presidents' Conference Committee is a Committee consisting of 20 presidents of various railroads, organized and existing for the purpose of cooperating with the Interstate Commerce Commission in the Federal valuation of the railroads of the United States, as called for in the Valuation Act of 1913.

3. He further states that he spent three years at Lehigh University studying their Civil Engineering course; that he started his engineering work on the Engineering corps of the Pennsylvania Railroad, making preliminary survey of a line from Curwensville to Du Bois, Pa. After that, he held various positions on the engineer-

ing corps and was finally in charge of a survey party in the field. After that he held positions on the Pennsylvania Railroad as follows:

Assistant on Engineering Corps, West Philadelphia.

Assistant Engineer at Altoona.

Asst. Supervisor of Signals at Jersey City.

Supervisor of Signals at Camden, N. J.

On the Baltimore & Ohio, he was Division Engineer on the Philadelphia Division; later on the Baltimore Division; Superintendent of the Butler Division; Engineer of Maintenance of Way of the Main Line District from Philadelphia to Parkersburg, W. Va.

On the Missouri Pacific he was Assistant Engineer, Engineer of Design, Principal Assistant Engineer of the System, and Engineer Maintenance of Way of the Southern District.

[fol. 239] 4. He further states that he is a member of the American Railway Engineering Association and the American Society of Civil Engineers, and is a member of the Committee appointed by the Presidents' Conference Committee to study the subject of change in prices.

5. He further states that since the beginning of his railroad experience and during the entire time, he has constantly been in touch with all sorts of railroad construction and has not only made estimates of the cost of the work, but has had charge of constructing the projects and comparing the actual cost with estimates, so that the question of cost of construction work was constantly being discussed and considered.

6. Some eight years ago, under his direction, there was collected information showing the range of prices of various commodities and costs during a series of years. During this study, particular attention was given to the range of prices, which is indicated by the all-commodity trend line or index number as issued by the Bureau of Labor Statistics of the United States Government.

This Bureau of Labor Statistics index number is based on the prices of a large number of commodities, beginning in 1860 with approximately 125 commodities. At the present time, the index number is based on over 400 commodities. These commodities are divided into nine groups, such as farm products, food, clothing, metal and metal products, lumber and building material, etc. A full description of the method of computing the index number is given in "Bulletin No. 320, Wholesale Prices 1890 to 1921," dated December 1922, beginning on page 7, published by the United States Department of Labor, Bureau of Labor Statistics.

7. He further states that he first had charge of making estimates of construction costs when he was Assistant Engineer in West Philadelphia on the Pennsylvania Railroad and following that when he was Assistant Engineer in the Altoona office; that he first had charge of construction work in the field as Assistant Supervisor of Signals [fol. 240] with headquarters at Jersey City.

8. He further states that the all-commodity trend line of the Bureau of Labor Statistics adheres closely to the trend of cost of railroad construction on the average. This opinion was formed by a comparison of the simple average of the cost of 13 railroad commodities in common use, such as cast iron pipe, timber piling, undressed lumber, wrought iron and steel pipe, rails, angle bars, track spikes, etc.

9. In addition to this, very reliable costs were obtained of the cost of a number of railroad structures from 1890 to 1919 and 1920, such as concrete culverts, frame trestles, pile trestles, frame station pagodas, one story frame combination, one story frame freight station, frame section houses, brick engine houses, etc. The change in cost of construction of these buildings varied almost identically with the all-commodity line or index number of the Bureau of Labor Statistics.

He further states that these very studies and his personal acquaintance with construction costs led him to believe that the trend of prices of railroad construction varies very closely with the all-commodity trend line or index number of the Bureau of Labor Statistics.

10. He further states that the increase in cost of purchasing material and labor comparing 1916 with 1914, as indicated by these index numbers from 1914 to 1916, was thirty (30) per cent.

(a) Bureau of Labor Statistics, U. S. Department of Labor all-commodity index number increased..... 30%

11. He further states that as a general proposition and from his studies the cost of railroad construction varied between 1914 and 1916 in about the same ratio as the Bureau of Labor Statistics index numbers varied being very materially higher in 1916 than in 1914, or about 30% higher.

12. He further states that these increases apply to the estimates of the cost to reproduce the railroad of the Delaware & Hudson Com-[fol. 241] pany in 1914 and 1916 as the material and labor to build such a railroad would be obtained from the regular markets in the United States, such as Pittsburgh for steel bridges, New York for Labor supply, etc.

(Signed)

H. E. Hale.

Subscribed and sworn to before me this 27th day of June, 1923. (Signed) Bernard Schulhaus, Notary Public. Notary Public, N. Y. County. N. Y. Co. Clerk's No. 129. Reg. 5113. My commission expires Mar. 30, 1925. (Notarial Seal.)

[File endorsement omitted.]

[fol. 242] DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

STATE OF NEW YORK,  
County of Albany, ss:

AFFIDAVIT OF GEORGE H. BURGESS—Filed July 16, 1923

George H. Burgess, being duly sworn according to law, deposes and [fol. 243] says:

1. That he is a resident of the City of Albany, in the State of New York, and since November 10, 1913, has been employed as Chairman of the Valuation Committee of The Delaware and Hudson Company and in that capacity has had direct charge and supervision of all relations with the Interstate Commerce Commission and the Bureau of Valuation of said Commission in all matters growing out of Section 19a of the Interstate Commerce Act.

2. Prior to said November 10, 1913, and from and after May 1, 1909, affiant was Chief Engineer of said The Delaware and Hudson Company, having charge of all maintenance of way and construction work upon the railroad operated by said company. For many years prior to May 1, 1909, affiant had performed similar duties and had charge of similar work upon other railroad properties. Affiant is a civil engineer. Affiant has for many years been familiar with and is now familiar with methods of constructing railroads and railway property and with railroad construction and with the prices of materials and supplies and the wages and cost of labor entering into such construction.

3. Affiant has made a thorough examination of the order of the Interstate Commerce Commission and Division 1 thereof, entered on March 28, 1923, in the proceeding known as Valuation Docket No. 328, purporting to establish tentative valuations, and said order [fol. 244] does not show or report the original cost to date of each piece of property owned or used by said The Delaware and Hudson Company for its purposes as a common carrier, but shows such original cost to date in an aggregate only as to certain pieces of property as to which said Commission considered that such original cost to date was established by obtainable records. Said Commission has at all times refused and continues to refuse to accept or to consider competent evidence, other than record evidence, as to original cost to date of other or any pieces of property owned or used by said company for its purposes as a common carrier. Said The Delaware and Hudson Company is ready and willing, and affiant is ready and willing, and have at all times been ready and willing, to produce before said Commission competent evidence, other than record evidence, of the original cost to date of each and every piece of property so owned or used.

4. Said order does not show or report the original cost in detail and separately from improvements, of lands, rights of way, and terminals owned or used by said The Delaware and Hudson Company for its common carrier purposes, but reports said original cost in aggregates only, and only as to portions of such property and only to the extent that said Commission considered that such original cost was established by accounting records. Said The Delaware and Hudson Company is ready and willing and affiant is ready and [fol. 245] willing and have at all times been ready and willing to prove the original cost of all said land, rights of way, and terminals, in detail and separately from improvements, by competent evidence other than record evidence, but said Commission always refused and continues to refuse to receive such testimony.

5. Said The Delaware and Hudson Company used for its purposes as a common carrier, on June 30, 1916, under contract with Erie Railroad Company, and has continuously used since long prior to January 1, 1898, a portion of double track railroad between Carbondale, Pennsylvania, and Jefferson Junction, Pennsylvania, more than thirty-five miles in length, which portion of railroad is also used by said Erie Railroad Company, but said order does not contain the inventory of said portion of railroad, or the pieces of property by which it is constituted or any of them, and does not show the original cost to date of said portion of railroad or the cost of reproduction new thereof, or the cost of reproduction less depreciation thereof, or the other values and elements of value thereof. Said The Delaware and Hudson Company is ready and willing and affiant is ready and willing, and have at all times been ready and willing, to prove the facts with regard to said portion of railroad by competent evidence, but said Commission has refused and continues to refuse to receive such evidence.

6. Said The Delaware and Hudson Company used, on June 30, 1916, for its purposes as a common carrier various and sundry [fol. 246] railroad property and pieces of such property, including railroad property between Troy, New York, and Eagle Bridge, New York; between Mechanicsville, New York, and Eagle Bridge, New York; between Crescent, New York, and Coons, New York; between Coons, New York, and the west end of Mechanicsville, New York; between Hudson, Pennsylvania, and Union Junction, Pennsylvania; between Binghamton, New York, and Owego, New York; between South-Wilkes-Barre, Pennsylvania, and Wilkes-Barre, Pennsylvania; between Buttonwood, Pennsylvania, and Hudson, Pennsylvania, and in the City of Troy, New York, and other railroad properties and pieces of such property, all which were used jointly with other carriers, and said order contains no inventory of any of said property or pieces of property and no report of the original cost to date thereof or the cost of reproduction new thereof, or of the cost of reproduction less depreciation thereof, or the other values and elements of value thereof. Said The Delaware and Hudson Company is ready and willing and affiant is ready and willing, and have at all times been ready and willing, to prove the facts con-

cerning such property and pieces of property by competent evidence, but said Commission has refused and continues to refuse to receive said evidence.

7. Said order purports to establish tentative valuations as of June 30, 1916. All property referred to and inventoried therein is described and referred to and inventoried as of said June 30, 1916, but the prices applied to all the respective units of said property, in [fol. 247] estimating the cost of reproduction new thereof and the cost of reproduction less depreciation thereof, are not the prices which actually existed and were current on said June 30, 1916, or at any time during said 1916, and do not purport to be the prices of said date or year, but purport to be prices ascertained for a period of years ending with June 30, 1914, and are in all cases materially lower than the prices which actually prevailed on said June 30, 1916, and during the year that ended on said June 30, 1916. Affiant is familiar with the prices of materials and supplies used in railroad construction and the wages of labor employed in such construction which prevails during 1914 and on June 30, 1914, and during 1916 and on June 30, 1916, and the general average of the prices and wages of June 30, 1916, and said year 1916 was not less than twenty per cent greater than the general average of the prices and wages prevailing on June 30, 1914, and during said year 1914. Affiant is of the opinion that the reproduction of railroad property of said The Delaware and Hudson Company on said June 30, 1916, or during the year 1916, would have required the payment of prices for materials and wages for labor averaging not less than twenty per cent more than the prices used in said order.

(Signed) George H. Burgess.

Subscribed and sworn to before me this 23rd day of June, 1923. (Signed) Edward H. Clark, Notary Public. My Commission expires March 30, 1925. (Seal.)

[File endorsement omitted.]



[fol. 248]

[Title omitted]

[fol. 249]

## EXHIBIT IN EVIDENCE

BEFORE THE INTERSTATE COMMERCE COMMISSION

Valuation Docket No. 328

THE DELAWARE AND HUDSON COMPANY; THE ALBANY AND SUSQUEHANNA Rail Road Company, The Rensselaer and Saratoga Rail Road Company, Albany and Vermont Rail Road Company, Rutland and Whitehall Rail Road Company, Saratoga and Schenectady Rail Road Company, Northern Coal and Iron Company, The Ticonderoga Railroad Company, The Chateaugay and Lake Placid Railway Company, and The Plattsburgh and Dannemora Railroad.

## Protest

To the Interstate Commerce Commission:

The Delaware and Hudson Company; The Albany and Susquehanna Rail Road Company; The Rensselaer and Saratoga Rail Road Company; Albany and Vermont Rail Road Company; Rutland and Whitehall Rail Road Company; Saratoga and Schenectady Rail Road Company; Northern Coal and Iron Company; The Ticonderoga Railroad Company; The Chateaugay and Lake Placid Railway Company, and the Plattsburgh and Dannemora Railroad; and each of them; within thirty days from April 12, 1923, hereby make and file this their protest against and to the order in the above entitled proceeding, and every part thereof, including any document or documents or other matter or matters that may be held or considered to have been made part thereof by any reference therein contained; which said order was entered at a session of the Interstate Commerce Commission, Division I, held at its office in Washington on March 28, 1923, and purports to make a tentative valuation or tentative valuations, as of June 30, 1916, of the properties owned or used by the protestants.

And protestants respectfully represent and state that; by reason of the omission of property and physical property and pieces of such property, owned or used by protestants, or one or more of protestants, on said June 30, 1916; and by reason of the form and manner of its preparation, the erroneous rules, methods and principles employed therein, the errors and omissions in its report of the facts and in the conclusions drawn therefrom; said order is not, and does not contain or establish, a tentative valuation, within the meaning of Section 19a of the Interstate Commerce Act, as amended, and does not comply with said Act; and protest is hereby made against considering or treating said order, for any purpose, as though it contained or established any such tentative valuation, and against any proceeding or conclusion based thereon as though said order contained or established any tentative valuation, and especially

against any proceeding or order based upon said order, or upon any such proceeding, or any conclusion intended or purporting to determine or fix any final tentative valuation or any final valuation in respect of the properties, or any of the properties, of these protestants.

And, without waiving any rights arising from said errors and omissions, or any of them, but insisting upon all such rights and expressly reserving the right to take any steps, including any proceeding in law or equity, as they may be advised, for the protection of their said rights, or any of them, protestants further protest as follows and herein set forth in detail the particular things in said order against which their protest, and further protest, is directed.

I. The Interstate Commerce Commission has not, in said order, and in respect of the properties and physical properties and pieces of property owned or used on said June 30, 1916, by protestants, or by one or more of them, complied with those portions of said Section 19a which are as follows:

"First. Said Commission shall ascertain and report in detail as to each piece of property, other than land, owned or used by said common carrier for its purposes as a common carrier, the original cost to date, the cost of reproduction new, the cost of reproduction less depreciation, and an analysis of the methods by which these several [fol. 252] costs are obtained, and the reason for their differences, if any. The Commission shall in like manner ascertain and report separately other values, and elements of value, if any, of the property of such common carrier, and an analysis of the methods of valuation employed, and of the reasons for any differences between any such value and each of the foregoing cost values.

"Second. Such investigation and report shall state in detail and separately from improvements the original cost of all lands, rights of way, and terminals owned or used for the purpose of a common carrier, and ascertain as of the time of dedication to the public use, and the present value of the same.

"Third. Such investigation and report shall show separately the property held for purposes other than those of a common carrier, and the original cost and present value of the same, together with an analysis of the methods of valuation employed.

"Fifth. \* \* \* (c) \* \* \* such investigation shall show the value of the property of every common carrier as a whole and separately the value of its property in each of the several States and Territories and the District of Columbia, classified and in detail as herein required."

II. And protestants represent and protest that said Commission has failed and omitted to comply with said provisions of said Section 19a in the following particulars, that is to say:

[fol. 253] 1. Protestant, The Delaware and Hudson Company, used on said June 30, 1916, and still uses, for its purposes as a common carrier and as a part of the main line of the system of railroads

operated by said protestant; a certain double-tracked railroad or portion of railroad, about 35.01 miles in length, together with lands, rights-of-way, tracks, side tracks, stations, structures, signaling apparatus and all other appurtenances, except equipment, commonly a part of any railroad, between Carlisle and Jefferson Junction, both in the State of Pennsylvania; which said railroad or portion of railroad is owned by Erie Railroad Company and used by said protestant under a certain agreement duly made and entered into, on or about January 1, 1898, under which said protestant is entitled to use said railroad or portion of railroad, jointly with said Erie Railroad Company, throughout a period of one hundred years from said January 1, 1898. Said railroad or portion of railroad is listed on page 89 of Appendix 2 of said order but, except as listed on said page 89, said railroad or portion of railroad is wholly omitted and excluded from said order and from all amounts and figures representing or purporting to represent values which are contained in said order.

2. Protestant, The Delaware and Hudson Company, used on said June 30, 1916, and still uses, for its purposes as a common carrier and as parts of the system of railroads operated by said protestant; all those pieces of property and physical property, in addition to the railroad referred to in the next foregoing paragraph, listed on page 89 of said Appendix 2, and stated on said page to be properties of other companies the use of which has been granted to said protestant, as follows:

| [fol. 254] Name of grantor                      | Between—                                  | State  | Miles |
|---|---|--------|-------|
| Boston and Maine Railroad.....                  | Troy and Eagle Bridge..                   | N. Y.. | 22.04 |
|   | Mechanicville and Eagle Bridge .....      | N. Y.. | 19.43 |
|   | Crescent and Coons.....                   | N. Y.. | 6.80  |
|   | Coons and West End Mechanicville .....    | N. Y.. | 1.90  |
| The Central Railroad Company of New Jersey..... | Hudson and Union Junction .....           | Penn.. | 1.34  |
| Erie Railroad Company.....                      | Binghamton and Owego.                     | N. Y.. | 22.00 |
| Lehigh Valley Railroad Company....              | South Wilkes-Barre and Wilkes-Barre ..... | Penn.. | 1.62  |
| The Troy Union Railroad Company..               | In the City of Troy.....                  | N. Y.. | 2.03  |
| Wilkes-Barre Connecting Railroad Company.       | Burtonwood and Hudson.                    | Penn.. | 5.04  |

Said properties are listed on page 89 of said Appendix 2, but, except as listed on said page 89, said properties are wholly omitted and excluded from said order and from all amounts and figures representing or purporting to represent values which are contained in said order.

3. Protestant, The Delaware and Hudson Company, used on said June 30, 1916, and still uses, for its purposes as a common carrier, and as parts of the system of railroads operated by said protestant; certain passenger stations, and passenger stations and adjacent and accessory tracks, located in the cities of Wilkes-Barre, Pennsylvania; Binghamton, New York; Albany, New York; Schenectady, New

York; Troy, New York; Voorheesville, New York; Eagle Bridge, New York; Fort Ticonderoga, New York; Rutland, Vermont, and Center Rutland, Vermont, which said stations are owned by sundry other corporations, but none of said passenger stations, or passenger [fol. 255] stations and adjacent and accessory tracks, are anywhere listed or referred to in said order, but all said passenger stations, and passenger stations and adjacent and accessory tracks, are wholly omitted and excluded from said order and from all amounts and figures representing or purporting to represent values which are contained in said order.

4. Protestant, The Delaware and Hudson Company owned and used, on said June 30, 1916, and still owns and uses for its purposes as a common carrier, and as parts of the system of railroad operated by said protestant; certain crossings of said railroad and the railroad operated by The New York Central Railroad Company, that is to say, two certain bridges or overhead structures, located in or near the City of Schenectady, New York, by which the railroad of said The New York Central Railroad Company is operated over the railroad of said protestant; but neither of said bridges or overhead structures is anywhere listed or referred to in said order, and both said bridges or overhead structures are wholly omitted and excluded from said order and from all amounts and figures representing or purporting to represent values which are contained in said order.

5. The protestant, The Albany and Vermont Railroad Company owned, on said June 30, 1916, and protestant, The Delaware and Hudson Company used for its purposes as a common carrier, as part of the system of railroads operated by said protestant on June 30, 1916, the certain bridge or overhead structure located at or near the City of Watervliet, New York, by which the railroad operated by [fol. 255] said The New York Central Railroad Company is operated over and across the railroad of said respondents, and said respondents still own and use, as aforesaid, said bridge or overhead structure, but said bridge or overhead structure is not anywhere listed or referred to in said order, but is wholly omitted and excluded from said order and from all amounts and figures representing or purporting to represent values which are contained in said order.

6. The protestant, The Rensselaer and Saratoga Railroad Company owned, on said June 30, 1916, and protestant, The Delaware and Hudson Company used for its purposes as a common carrier, as part of the system of railroads operated by said protestant on June 30, 1916, the certain bridge or overhead structure, located at or near the Village of Green Island, New York, by which the railroad operated by said The New York Central Railroad Company is operated over and across the railroad of said respondents, and said respondents still own and use, as aforesaid, said bridge or overhead structure, but said bridge or overhead structure is not anywhere listed or referred to in said order, but is wholly omitted and excluded from said order and from all amounts and figures representing or purporting to represent values which are contained in said order.

7. Protestant, The Albany and Vermont Railroad Company owned, on said June 30, 1916, and protestants, The Delaware and Hudson Company used for its purposes as a common carrier, and as part of the system of railroads operated by said protestant on June 30, 1916, a bridge, located at or near West Waterford, New York. [fol. 257] crossing the Barge Canal owned by the State of New York, and said protestants still own and use, as aforesaid, said bridge, but said bridge is not anywhere listed or referred to in said order, but is wholly omitted and excluded from said order and from all amounts and figures representing or purporting to represent values which are contained in said order.

8. Protestant, The Rensselaer and Saratoga Railroad Company owned, on said June 30, 1916, and protestant, The Delaware and Hudson Company used for its purposes as a common carrier, and as part of the system of railroads operated by said protestant on June 30, 1916, a bridge at or near Whitehall, New York, crossing the Barge Canal owned by the State of New York, and said protestants still own and use, as aforesaid, said bridge, but said bridge is not anywhere listed or referred to in said order, but is wholly omitted and excluded from said order and from all amounts and figures representing or purporting to represent values which are contained in said order.

9. Protestant, The Delaware and Hudson Company, owned and used, on said June 30, 1916, for its purposes as a common carrier, and as part of the system of railroads operated by said protestant, a certain passenger-train car, which said passenger-train car is represented by certain figures on pages 8 and 57 of said order, but the value of said passenger train car is wholly omitted and excluded from all amounts and figures representing or purporting to represent values of property used on said June 30, 1916, by said protestant, for its purposes as a common carrier as aforesaid, which are contained in said order.

[fol. 258] 10. Protestants, and one or more of protestants, owned, on said June 30, 1916, and protestant, The Delaware and Hudson Company used, on said June 30, 1916, for its purposes as a common carrier, and as parts of the system of railroads operated by said protestant, various and sundry other property and physical property and pieces of property, none of which said property and pieces of property is anywhere listed or referred to in said order, but all said property and pieces of property are wholly omitted and excluded from said order and from all amounts and figures representing or purporting to represent values which are contained in said order.

III. And protestants represent and protest that said Commission has failed and omitted to comply with said provisions of said Section 19a and has omitted and failed to ascertain and report in detail as to each piece of property owned or used by the protestants, or one or more of them, for common carrier purposes, the original cost thereof to date, and said order does not report or show the original cost to date of the property of protestants, or any of them, as a

whole, and does not report or show the original cost to date of a very large number, being nearly all, the property and physical property and pieces of property, owned or used by protestants, or one or more of them, and all figures and amounts contained in said order which purport to report or represent the value of property or physical property or pieces of property, as a whole or separately and in detail, are arbitrary estimates, or estimates based upon data which do not include the original cost to date of the properties of protestants, or [fol. 259] any of them, as a whole, or the original cost to date of those certain pieces of property as to which original cost to date was not ascertained or reported.

IV. And protestants represent and protest that said Commission has failed and omitted to comply with said provisions of said Section 19a and has omitted and failed to state or report or to include in said order, an analysis of the methods by which the several costs therein reported, or to the extent that they are therein reported, were obtained.

V. And protestants represent and protest that said Commission has failed and omitted to comply with said provisions of said Section 19a and has omitted and failed to state or report or include in said order or in any manner or form to disclose the reason, or reasons, for the differences between the several costs reported, to the extent that they are reported, and has not reported or included in said order any analysis of such reason or reasons.

VI. And protestants represent and protest that said Commission has failed and omitted to comply with said provisions of said Section 19a and has omitted and failed to ascertain, or to report, separately or otherwise, or to show or include in said order, any figures, amounts or values, representing or purporting to be or to represent any "other [fol. 260] values and elements of value," within the intendments of the paragraph entitled "First" of said section, and has wholly failed and omitted to report or to include in said order, or in any manner or form to disclose, "an analysis of the methods of valuation employed, and the reasons for any differences between any such value and each of the foregoing cost values," as required by the concluding sentence of said paragraph entitled "First."

VII. And protestants represent and protest that said Commission has failed and omitted to comply with said provisions of said Section 19a and has omitted and failed to state or to report or to include in said order, in detail and separately from improvement or otherwise, any figures, amounts or values representing, or purporting to represent, the original cost of all, or any, lands, rights of way, and terminals, owned or used for the purpose of a common carrier, by these protestants, or one or more of them, and ascertained as of the time of dedication to public use.

VIII. And protestants represent and protest that said Commission has failed and omitted to comply with said provisions of said Section 19a and has omitted and failed to show or to report or to include in

said order, separately or otherwise, any amounts, figures or values, representing or purporting to represent, the property held for purposes other than those of a common carrier, by these protestants, or one or more of them, or the original cost or the present value of the same, [fol. 261] or to report or to include in said order, or in any form or manner to disclose, any analysis of the methods of valuation employed with respect to any property so held for purposes other than those of a common carrier.

IX. And protestants represent and protest that said Commission has failed and omitted to comply with said provisions of said Section 19a and has omitted and failed to ascertain, or to show or report, or to include in said order, any figure, amount or value, representing or purporting to represent, the value of all the property, or the value of the property as a whole, owned or used by these protestants, or any one or more of them.

X. And protestants represent and protest that said Commission has failed and omitted to comply with said provisions of said Section 19a and has omitted and failed to show, or to report, or to include in said order, any figure, amount or value, or any figures, amounts or values, representing or purporting to represent, separately, the value of the property of protestants, or any one or more of them, in any State in which said protestants, or any one or more of them, own [fol. 262] property or own or use property for the purposes of a common carrier.

XI. And protestants represent and protest that said Commission has failed and omitted to comply with said provisions of said Section 19a and has not included in said order, entered on March 28, 1923, any data, statements, figures, amounts or values, representing or purporting to represent, any date later than June 30, 1916, and said order purports to be a tentative valuation as of said June 30, 1916, although since said June 30, 1916, there have been many and costly additions to the properties owned or used by these protestants, and all of them, and substantial changes and increases in the original cost to date and in the cost of reproduction new, and in the cost of reproduction less depreciation if any depreciation exists and in the other values and elements of value of all said properties.

XII. And protestants represent and protest that said order incorrectly states and substantially understates the amount and value of the working capital owned or used for the purposes of a common carrier, by protestants, and each and every of them, for the following reasons, that is to say:

1. The amount and value purporting to represent the working capital owned or used by said The Delaware and Hudson Company, as stated in said order, is a result arbitrarily obtained by the application to certain data, which data had and have no fixed, necessary, or determinable relation to such working capital or the amount or value thereof, of an arbitrary formula, and said amount and value purport-



ing to represent said working capital are, therefore, substantially less than the actual amount and value of such working capital owned or [fol. 263] used by said protestant on June 30, 1916; and said amount and value, reported and stated as aforesaid are substantially less than the actual amount and value of materials and supplies on hand and owned or used, for the purposes of a common carrier by said protestant, on said June 30, 1916. And the actual and true amount and value of said working capital, owned and used by said protestant, as aforesaid, is not contained or reported or shown in said order, or included in any amount or value therein contained, reported or shown.

2. The amount and value of the working capital owned or used by protestants, said The Albany and Susquehanna Rail Road Company; The Rensselaer and Saratoga Rail Road Company; Albany and Vermont Rail Road Company; Rutland and Whitehall Rail Road Company; Saratoga and Schenectady Rail Road Company; Northern Coal and Iron Company; The Ticonderoga Railroad Company; Chateaugay and Lake Placid Railway Company, and The Plattsburgh & Dannemora Railroad, and each of them, and the whole and every part thereof is wholly omitted and excluded from said order and from all amounts, figures and values representing, or purporting to represent, values included in said order.

XIII. And protestants represent and protest that said Commission has failed and omitted to ascertain, or to report, or to include in said order, the actual and true cost of reproduction new of the property and physical property and pieces of property owned or used by pro-[fol. 264] testants, or one or more of them, for common carrier purposes, and that said order contains and shows and reports amounts, figures or values which purport to represent cost of reproduction new of such property, or portions thereof, which said amounts, figures or values are substantially less than the actual and true cost of reproduction new and, among others, for the following reasons, that is to say:

1. Various and sundry property, physical property, and pieces of property, are wholly omitted and are not represented in any said amount, figure or value contained in said order.

2. The quantities of various and sundry property, physical property, and pieces of such property, are substantially understated, and are not the actual and true quantities existing on said June 30, 1916, or the actual and true quantities that would have had to be reproduced in the reproduction of the properties of these protestants on said June 30, 1916.

3. The prices applied to the quantities represented and reported in said order are lower than the actual and true prices prevailing on said June 30, 1916, and lower than the actual and true prices that would have had to be paid in the reproduction of said properties of these protestants on said June 30, 1916, and were arbitrarily fixed and determined without reference to the prices actually prevailing on said



date, and when not arbitrarily fixed and determined, as aforesaid, are, or purport to be, the average prices of a period of years which ended with June 30, 1914, and such average prices, even if correctly [fol. 265] ascertained, have no known, necessary, fixed or determinable relation to the actual and true prices of said June 30, 1916, and said prices of said period of years which ended on June 30, 1914, were, in many cases, arbitrarily estimated or determined and are lower than the actual and true average prices of said period which ended with June 30, 1914.

4. Said cost of reproduction new was arbitrarily estimated upon the basis of an arbitrary program or programs of construction, which program or programs could not have been applied or used in the actual construction of the property, physical property, and pieces of property, of these protestants, or any of them; and said program or programs involve numerous and arbitrary and contradictory and impossible assumptions as to the engineering methods and practices that could or would be adopted and followed in such reproduction or construction, and as to kinds and quantities of materials available and proper for use and that could or would be used in such reproduction or construction, and in many other respects and particulars said program or programs tended to produce, and did produce, untrue and substantially and unduly low estimates of cost of reproduction new.

5. The amount or amounts, if any, included in the figures, amounts or values, purporting to represent cost of reproduction new, which represent interest during construction, are the result of arbitrary assumptions concerning (a) the amount of capital necessarily on hand at various times during reproduction, (b) the rates of interest that would necessarily be paid during said period of reproduction [fol. 266] and (c) the duration of said period of reproduction; and by reason of said arbitrary assumptions said amount, and all said amounts, included as aforesaid, are less and lower than the actual and true amounts, rates of interest, and duration of the period or periods of reproduction, and tended to result, and did result, in figures, amounts or values, purporting to represent cost of reproduction new, which are less and lower than the true cost of reproduction new on said June 30, 1916.

6. The amount, or amounts, if any, included in the figures, amounts or values, purporting to represent cost of reproduction new, which represent the cost of contingencies that would naturally and necessarily occur and result during the reproduction of the properties of these protestants, and all of them, are based upon arbitrary assumptions which are inconsistent with the facts, and all such arbitrary assumptions tended to result, and did result, in figures, amounts or values, purporting to represent cost of reproduction new, which are substantially lower than the true cost of reproduction new on said June 30, 1916.

7. The amount, or amounts, if any, included in the figures, amounts or values, purporting to represent cost of reproduction new,

which purport to represent the cost of general expenses that would naturally and necessarily be incurred and result during the reproduction of the properties of these protestants, and all of them, are based upon arbitrary assumptions which are inconsistent with the facts, and all such arbitrary assumptions tended to result, and did result, in figures, amounts or values, purporting to represent cost of [fol. 267] reproduction new, which are substantially lower than the true cost of reproduction new, on said June 30, 1916.

8. Nothing is included in said cost of reproduction new, to represent, or to allow for, taxes necessarily paid during the period of reproduction and all such taxes are wholly and entirely omitted and are not included or represented in any amounts, figures or values contained in said report which purport to represent cost of reproduction new.

9. Nothing is included in said cost of reproduction new, to represent or to allow for, the cost of developing the properties of these protestants, or any of them, after the initial cost of their reproduction in a new and unseasoned and undeveloped condition, and, although such cost of development would actually and necessarily be incurred in the reproduction of said properties, in the seasoned and developed condition in which they existed on said June 30, 1916, all said costs of development are wholly and entirely omitted and excluded from all amounts, figures or values, purporting to represent cost of reproduction new, contained in said order.

10. The amounts, figures or values purporting to represent cost of reproduction new, contained in said order, are lower than the actual and true cost of reproduction new by reason of arbitrary assumptions that certain materials could be obtained without cost, and at abnormally and impossibly low cost, and that materials of lower [fol. 268] quality, cost or value would, in such reproduction, be substituted for the materials of higher quality, cost and value, that were in the properties of these protestants, and all of them, on said June 30, 1916.

XIV. And protestants represent and protest that said Commission has failed and omitted to ascertain, or report, or to include in said order, the actual and true cost of reproduction less depreciation of the property, and physical property, and pieces of property, owned or used by protestants, or one or more of them, for common carrier purposes, and that said order contains and shows and reports amounts, figures or values purporting to represent cost of reproduction less depreciation of such property or portions thereof, which said amounts, figures, or values are substantially less than the actual and true cost of reproduction less depreciation, and, among others, for the following reasons, that is to say:

1. The property, and physical property, and pieces of property, of protestants, and all of them, had been on said June 30, 1916, and at all times theretofore, fully and adequately maintained, in condition adequate and sufficient and satisfactory for their use for the

common carrier purposes for which they were established and exist, and in a condition in no respect lower than or inferior to, the maximum condition at any time beginning with the original construction of said properties, or any of them, and on said June 30, 1916, all said property of these protestants, and each and every of them, was in a condition of maximum efficiency for their purposes as a common carrier, and there was no depreciation of said property of any protestant below the true and actual cost of reproduction.

2. The methods, rules and principles applied in arriving at the conclusions, figures, amounts or values stated or reported or included in said order, and applied and used in arriving at said conclusions, figures, amounts or values, were arbitrary, and based upon arbitrary assumptions, and tended to result, and did result in the statement of figures, amounts or values which are substantially below and lower than the true values that would accurately represent the cost of reproduction less depreciation on said June 30, 1916.

3. The amounts, figures or values, stated, or reported, or included in said order, as representing cost of reproduction less depreciation, are in numerous cases based upon arbitrary assumptions concerning the duration or average duration of the service life of various and sundry items or pieces or kinds of property, which are less and shorter than the actual and true duration or average duration of the service life of such respective items or pieces or kinds of property and tended to result, and did result, in the statement of figures, amounts or values which are substantially below and lower than the true values that would accurately represent the cost of reproduction less depreciation on said June 30, 1916.

4. The figures, amounts or values stated or reported or included in said order, as representing cost of reproduction less depreciation, are based upon the application, in connection with arbitrary assumptions concerning the duration or average duration of the service life of respective items or pieces or kinds of property, of the arbitrary assumption that such cost of reproduction less depreciation decreases in exact proportion with the passing of the period arbitrarily assumed to be the service life or average service life, as aforesaid, which said assumption is contrary to the fact and tended to result, and did result, in figures, amounts or values purporting to represent cost of reproduction less depreciation, that are substantially less than the actual and true amounts and values representing cost of reproduction less depreciation on said June 30, 1916.

5. No allowance is made in any of said figures, amounts, or values, stated or reported or included in said order, as representing cost of reproduction less depreciation, for the appreciation of any property, physical property, or piece of property, although much of said property, and many of said pieces of property, had actually appreciated, in substantial amounts and values, prior to said June 30, 1916, and were on said date in an appreciated con-

dition, and said appreciation is wholly and entirely ignored, omitted and excluded from all figures, amounts or values stated or reported in said order.

6. The Methods, rules and principles applied in obtaining the figures, amounts or values, stated, or reported or included in said order, as representing cost of reproduction less depreciation, arbitrarily required the separation of said track into its component parts, such as the rail, ties, ballast, and other parts thereof, and de-[fol. 271]preciating each of these parts in accordance with an arbitrary estimate of its expired service life, and in the statement or report in said order that a definite portion or percentage of the service life of the track on the date of valuation had actually expired on said June 30, 1916, which is contrary to the fact that the life of a properly maintained railroad track is indefinite.

7. The methods, rules and principles arbitrarily applied, as aforesaid, resulted in the statement or report, in said order, that on said June 30, 1916, a definite portion or percentage of the service life of the railroads of these protestants had actually expired, which is contrary to the fact that the life of every properly operated and maintained railroad, as of these railroads, is continuous and indefinite, and that there is never at any time any known or ascertainable part of its service life which has expired.

8. The methods, rules and principles applied in obtaining the figures, amounts or values stated or reported or included in said order, as representing cost of reproduction less depreciation, arbitrarily required the depreciation of numerous items of cost or value and of property, physical property and pieces of property, that do not in any degree or extent or under any normal conditions or upon any properly operated or properly maintained railroad, deteriorate or depreciate or diminish in value.

9. And protestants repeat and reaffirm, as a part of this, their protest against said order and the report or statement of cost of re-[fol. 272]production less depreciation therein, contained, all and singular, their grounds of protest, hereinbefore stated, against and to the methods, rules and principles which were employed in obtaining the figures, amounts or values, included in said order, which purport to represent or to report the cost of reproduction new of the properties of these protestants.

XV. And protestants represent and protest that various and sundry pieces and parcels of land, and certain other property, and pieces of property, both real and personal, owned or used by protestants, or one or more of them, on June 30, 1916, and acquired and owned or used, on said date, for common carrier purposes, are classified and reported, in said order, as though they were non-carrier lands, that is to say, as lands which, on said June 30, 1916, were not owned or used for any common carrier purposes of these protestants, or any of them.

XVI. And protestants represent and protest that the figures, amounts or values, stated, or reported, or included in said order, which purport to represent the value or values of the lands owned or used by protestants, or one or more of them, for common carrier purposes, are substantially lower than the real and actual value or values of such lands on June 30, 1916, and for the following reasons:

1. The figures, amounts or values reported or included in said order are estimates of the average market value per acre, or other [fol. 273] unit, of adjoining, or adjacent land, or lands in the vicinity arbitrarily assumed to be similar lands, applied to the ascertained area of protestants' lands, computed into acres, or such other unit, although protestants' lands, by reason of the small areas and peculiar shapes in which they are held, could not have been acquired, and were not acquired, at the average values so reported and protestants' lands, and each and every part thereof, have and possess, on account of their small areas and their adaptability to common carrier uses, values materially greater than said reported values.

2. The figures, amounts or values, reported or included in said order, do not include any allowance for the special cost of acquisition of lands adapted to common carrier uses, although in order to procure such lands protestants had to pay severance and other damages and increased prices and for the extinguishment of many rights easements and privileges of the grantors, the cost and value of none of which is, or could be, represented in the average price of adjoining or adjacent or similar lands.

3. The figures, amounts or values, reported or included in said order, do not include any amount or amounts, and do not include any sufficient amount or sufficient amounts, on account of the rights of protestants, and each of them, to cross, occupy or use, in whole or in part, and either exclusively or jointly or in common with others, private or public property which is not actually owned or exclusively held under lease or contract by protestants, or any one or more of them.

[fol. 274] XVII. And protestants represent and protest that the statements, figures, amounts or values in said order, which purport to present or to represent facts concerning or relating to aids, gifts and grants of right-of-way, in aid of or made to protestants, or in aid of or to one or more of them, are inaccurate and misleading, and that in many cases the property, physical property, pieces of property and land or lands or real estate, reported as aids, gifts or grants, were acquired by protestants, or one or more of them, at a substantial cost, which substantial cost is not reported in said order or included or represented in any figure, amount or value reported or included therein.

XVIII. And protestants represent and protest that said order contains many statements with regard to the accounts of protestants, or one or more of them, and with regard to available records and accounts and records tending to show the amount or amounts of the

investment of protestants, or one or more of them, in road and equipment, or in some portion of said road or equipment, and the cost, receipts, expenditures, or other accounting facts concerning or relating to their properties, or some of them, which said statements are in whole, or in part, inaccurate and misleading.

XIX. And protestants represent and protest that, on said March 28, 1923, and at all times prior thereto, the said Commission was [fol. 275] without power or authority to make or to enter any order fixing or establishing any tentative valuation, within the meaning of said Section 19a, in respect of the property, or properties, of these protestants, or any of them, for the reason that such power or authority results and arises, under said Section 19a, when, and only when, said Commission has completed a tentative valuation that is based upon and represents the inquiry and investigation provided for in said Section 19a, and on said March 28, 1923, said Commission had not made or completed said inquiries or investigations in respect of the properties of these protestants, or any of them.

#### Prayer

Wherefore, the protestants, basing this, their protest against the said order upon each and all the grounds herein stated, and upon such other grounds as may hereafter be submitted, and reserving the right to set forth hereafter further details of their objections and exceptions to the said order, and every part thereof, including any document or documents or other matter or matters that may be held or considered to have been made part thereof by any reference therein contained, pray the Interstate Commerce Commission, as follows, that is to say:

1. That the said Commission dissolve and withdraw the said order and refuse to proceed thereon as though said order contained or established any tentative valuation, within the meaning of the Interstate Commerce Act, and refuse to make the same final.

[fol. 276] 2. That the many errors of law and of fact appearing in said order, as herein pointed out or as may hereafter be pointed out, be corrected, in any such tentative valuation and in any final valuation of said properties.

3. That the erroneous methods, rules and principles, which have been applied in the making of said order, and the many erroneous results thereby produced, be changed and corrected, in accordance with the proper methods, rules and principles, as herein pointed out or as may hereafter be pointed out and that a lawful tentative valuation be made, in accordance with such changes and corrections and in compliance with the Interstate Commerce Act.

4. That said order be revised and corrected, in accordance with the grounds of this protest so that, as revised and corrected, it will contain, among other things, a statement of the methods of valuation employed, and an analysis thereof; a statement of the elements that

constitute the values ascertained and assigned to the several classes of property of the protestants, and a true statement of the value of the protestants' properties, determined in accordance with the grounds of this protest.

5. That the said order be revised, corrected and amended so that it will contain a statement of the *basic and underlying facts* representing the said properties, found in accordance with the grounds of this protest, including therein a statement of the original cost to date of said properties.

[fol. 277] 6. That the said order, because it is an attempted determination of the value of the properties as of a date long since passed, and by the use of unit prices and costs for labor, materials, money and land, long since obsolete; be dissolved, and withdrawn, and that the Commission proceed to determine the tentative valuation of the properties of the protestants, as of the present time.

7. That the Commission grant such further and other relief as it may deem necessary to the protection of the value of their properties and property rights and to comply with the requirements of the Interstate Commerce Act.

The Delaware and Hudson Company, by W. H. Williams, Vice-President. The Albany and Susquehanna Rail Road Company, by Arthur W. Butler, President. The Rensselaer and Saratoga Rail Road Company, by Le Grand C. Cramer, President. Albany and Vermont Rail Road Company, by Edward C. Gale, President. Rutland and Whitehall Rail Road Company, by L. F. Lorce, President. Saratoga and Schenectady Railroad Company, by Le Grand C. Cramer, President. Northern Coal and Iron Company, by W. H. Williams, Vice-President. The Ticonderoga Railroad Company, by W. H. Williams, President. The Chateaugay and Lake Placid Railway Company, by W. H. Williams, Vice-President. The Chateaugay and Lake Placid Railway Company, as lessee of the Plattsburgh and Dannemora Railroad, by W. H. Williams, Vice-President. Walter C. Noyes, H. T. Newcomb, of Counsel. May 10, 1923.

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[fol. 279] DISTRICT COURT OF THE UNITED STATES, SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

OPINION PER CURIAM—Filed July 16, 1923

The Interstate Commerce Act as amended (Sec. 19a) requires the Commission to "investigate, ascertain and report the value of all the property owned or used by every common carrier subject to the provisions of this act."



The Commission having arrived at a valuation of the property of the petitioners, has embodied the same in what is called a "Tentative valuation" in sub-sections f and h of said Section 19a.

[fol. 280] Petitioners being dissatisfied with said "tentative valuation," bring this petition seeking a decree that said "tentative valuation" of the Commission "be set aside, annulled and suspended, and that a permanent injunction issue preventing the entry of any order fixing final value before a lawful tentative valuation has been made."

The present motion is, in the language of the petition for "an interlocutory injunction suspending and restraining the enforcement, operation and execution of said (tentative valuation) in whole or in part and setting the same aside."

The motion coming on to be heard before the above named Judges pursuant to Jud. Cod. Sec. 266, petitioners filed certain affidavits in support of said motion, and proved that they had on or about May 10, 1923, and within thirty days of the filing of said tentative valuation filed a "protest of the same" pursuant to said Interstate Commerce Act, Sec. 19a, sub-section h; and thereupon both the respondent and the intervenor filed motions to dismiss the petition substantially on the following grounds:

[fol. 281] 1st. The Court has no jurisdiction over the subject matter of the petition and may not properly grant any portion of the relief prayed for therein;

2d. The facts pleaded are insufficient to entitle petitioners to any relief in equity.

H. G. Newcomb and Walter G. Noyes for petitioners;

P. J. Farrell for Interstate Commerce Commission;

W. D. Riter, Assistant Attorney General, for the United States.

PER CURIAM: The unusual nature of this application requires brief explanation. Section 19a of the Interstate Commerce Act plainly puts the burden on the Commission of producing what is called a "tentative valuation." Such valuation is without any probative effect per se; no proceedings can be based thereupon, and it is no more than a preliminary opinion expressed by the Commission. We think the so-called "tentative valuation" is properly described as an ex parte appraisalment.

To be sure, this "tentative valuation" becomes final if a protest be not filed within thirty days. Petitioners have filed such protest, and they have thereby created an issue raised by what is the equivalent of a pleading; and that issue (as appears from the terms of the pro-[fol. 282] test) consists substantially of two questions—(1) is the tentative valuation correct in point of fact, and (2) is it properly made in point of law.

Having raised these two questions, however, petitioners bring what is practically a bill in equity for the purpose of avoiding the necessity of trying the issue presented in the manner aforesaid; such prevention of trial being brought about by demanding a decree totally suppressing said "tentative valuation."



To the demand thus made the parties defendant have substantially filed a general demurrer.

To question in general terms the jurisdiction of the Court always introduces an element of confusion. This is because the word "jurisdiction" always needs definition. In its widest sense jurisdiction is no more than the power to hear and determine the subject matter in controversy (*Rhode Island vs. Massachusetts*, 12 Pet., 657; and in that general sense every court possesses the right to hear and determine some question presented by the pleadings of a cause brought [fol. 283] in it, if it be no more than the right to pass on its own power to hear the case.

These motions to dismiss really mean no more than that on the face of the petition or bill plus affidavits and protest, petitioners are not entitled to have this "tentative valuation" suppressed.

Jurisdiction in some sense is derived from Section 1 (2d) of the Commerce Court Act (36 Stat., 539), this being a case brought to "set aside, annul or suspend in whole or in part any order of the Interstate Commerce Commission." This jurisdiction was transferred to this Court by 36 Stat., 219.

Undoubtedly the tentative valuation of petitioner's property above referred to is an order of the Commission. Therefore this suit may be brought and this Court must entertain it.

But of course it does not follow that petitioners are entitled now to any relief.

An examination of the petition and a comparison thereof with the protest filed by petitioners shows that the substance of complaint may be summarily stated as follows:—the Commission did not ascertain the original cost to date of each piece of property other than land [fol. 284] used by petitioners for common carrier purposes; it did not report in detail the original cost of lands, rights of way and terminals owned or used for common carrier purposes by petitioners; it did not report the original cost and present value or either of any property held by petitioners for purposes other than those of a common carrier; it omitted certain specified railroad tracks or portions thereof which one of said petitioners is entitled to use as well as certain other railway and/or terminal adjuncts used by one of the petitioners jointly with other carriers;—and it did not report the value as a whole of the properties of petitioners.

We have not set forth all the objections of petitioners, but the above are sufficient to indicate the kind of objection made, on which and by reason of which it is demanded that the "tentative valuation" be suppressed and held for naught.

We repeat that we regard this "tentative valuation" under the statute as an *ex parte* appraisalment. Any such matter necessarily gives rise to many differences of opinion. The evident object of the statute is to ascertain for purposes of rate-making and money-borrowing [fol. 285] the reasonable and probable going value of that property which is devoted to serving the public as a common carrier. What particular pieces of property are so used is oftentimes matter of opinion about which honest and well informed men may differ. As to original cost, it is to be remembered that at least one of these

petitioners can trace its corporate life backward for nearly a century; and the ascertainment of some items of original cost, as well as added cost, may be in the opinion of many if not most men a veritable impossibility.

No statute law should be held to require the impossible unless the language thereof permits of any other interpretation. It would serve no useful purpose to go into detail, but after examination this court is of opinion that the Commission's "tentative valuation" complies with the spirit of the statute, and on its face comes as near to complying with the letter as the facts permitted,—in the Commission's opinion.

Argument has developed as petitioners' legal position,—that they are entitled to a literal compliance with the statute because the protest (treated as a pleading) puts them in the position of plaintiffs [fol. 286] upon whom lies the burden of proving that the "tentative valuation" is erroneous, incomplete or otherwise unjust.

We perceive no force in this objection; and think that the protest no more than serves to limit discussion of the questions of fact and law which must arise upon any such valuation.

If the statute required no tentative valuation and petitioners asserted (as they do assert by their published accounts) a certain stated value for their possessions, it would still and always be incumbent upon them to prove the correctness of their own figures. They are in no worse position by reason of anything that has been done.

Entertaining these views, we are of opinion (1) that the Commission has reasonably complied with the requirement of the statute in respect of "tentative valuation," and (2) that the petitioners are not placed in any legally disadvantageous position by any act of the Commission.

We therefore conclude that there is no equity in this application to suppress a merely preliminary step in a lawful valuation proceeding [fol. 287] ing, and for that reason dismiss the petition without costs.

All concur:

C. M. H.

Dated, July 16, 1923.

[File endorsement omitted.]

[fol. 288] IN THE DISTRICT COURT OF THE UNITED STATES FOR THE  
SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

FINAL DECREE—Filed September 12, 1923

This cause came on to be heard at this term, and was argued by counsel; and, thereupon, upon consideration thereof, it was ordered, adjudged and decreed as follows:

## Final Decree

1. That the motion of the petitioners for a preliminary injunction be and the same is hereby denied.

2. That the motion of the United States and the motion of the Interstate Commerce Commission to dismiss the petition are, and [fol. 289] each of them is, hereby sustained, and that the petition be, and the same is hereby, dismissed for want of equity.

By the court.

30th August, 1923.

Chas. M. Hough, Circuit Judge, Presiding. Jno. C. Knox,  
Henry W. Goddard, District Judges.

Consented to: W. D. Riter, Asst. Atty. Genl., Solicitor for Respondent. P. J. Farrell, Solicitor for Intervening Respondent.

[File endorsement omitted.]

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[fol. 290] IN THE DISTRICT COURT OF THE UNITED STATES FOR THE  
SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

PETITION FOR APPEAL—Filed September 25, 1923

The above named petitioners (being all those petitioners named in the petition) considering themselves aggrieved by the final decree dated August 30, 1923, and entered on September 12, 1923, in the above entitled proceeding before the Honorable Charles M. Hough, United States Circuit Judge, and the Honorable John C. Knox, and the Honorable Henry W. Goddard, District Judges, sitting in this Court in pursuance of the Act of October 22, 1913, denying, after hearing, the application of said petitioners for a permanent injunction restraining the enforcement, operation and execution of, and setting aside in whole and in part, an order of the Interstate Commerce Commission made on March 28, 1923, in a certain proceeding entitled and known as "Valuation Docket No. 328," and dismissing their petition, pray that an appeal may be allowed them to the Supreme Court of the United States from said final decree and order of this Court denying said application for a permanent injunction, and dismissing their petition, for the reasons specified in the assignment of errors filed herewith and that a transcript of the record, proceedings and papers on which said order denying said permanent injunction and dismissing said petition was made and entered, duly authenticated, may be transferred for-with to the Supreme Court of the United States.

September 17, 1923.

Walter C. Noyes, H. T. Newcomb, Solicitors for Petitioners.

[File endorsement omitted.]

[fol. 292] DISTRICT COURT OF THE UNITED STATES, SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

ASSIGNMENT OF ERRORS—Filed September 25, 1923

And now come the above named petitioners and in connection with their petition for appeal assign the following errors.  
[fol. 293] The District Court erred:

I. In denying the application of the above named petitioners for a permanent injunction restraining the enforcement of the order of the Interstate Commerce Commission dated March 28, 1923, described in the petition.

II. In holding that the above named petitioners are not entitled to relief in accordance with the prayers of the petition.

III. In dismissing the petition.

IV. In holding that the order of the Interstate Commerce Commission, dated March 28, 1923, described in the petition, is or contains or establishes any tentative valuation of the property or properties of the petitioners, or any of them, within the meaning of Section 19a of the Interstate Commerce Act.

V. In holding that the Interstate Commerce Commission is not required to ascertain and report in any tentative valuation of the property or properties of petitioners, or any of them, the original cost to date of each piece of property other than land owned or used by them, or any of them, for common carrier purposes.

[fol. 294] VI. In holding that the Interstate Commerce Commission is not required to ascertain and report in any tentative valuation of the property or properties of petitioners, or any of them, the original cost of all lands, rights of way, and terminals owned or used for common carrier purposes by them, or any of them, ascertained as of the time of dedication to public use.

VII. In holding that the Interstate Commerce Commission is not required to report in any tentative valuation of the property or properties of petitioners, or any of them, an analysis of the methods by which the several costs, namely, original cost to date, cost of reproduction new, and cost of reproduction less depreciation, were obtained by said Commission, and the reasons for their differences, if any.

VIII. In holding that the Interstate Commerce Commission is not required to ascertain and report in any tentative valuation of the property or properties of petitioners, or any of them, separately, other values and elements of value of the property or properties of such petitioner or petitioners, and the reasons for any differences between any such value and the several cost values.

IX. In holding that the Interstate Commerce Commission is not required to ascertain and report in any tentative valuation of the [fol. 295] property or properties of petitioners, or any of them, separately, all property held for purposes other than those of a common carrier by such petitioner or petitioners, and the original cost and present value of the same, together with an analysis of the methods of valuation employed.

X. In holding that the Interstate Commerce Commission is not required to ascertain and report in any tentative valuation of the property or properties of petitioners, or any of them, the value of the property or properties of such petitioner or petitioners, as a whole.

XI. In holding that the Interstate Commerce Commission is not required to ascertain and report in any tentative valuation of the property or properties of petitioners, or any of them, the value of the property or properties of such petitioner, or petitioners, as a whole in each of the several States.

XII. In holding that the Interstate Commerce Commission is not required to ascertain and report and include in any tentative valuation of the property of petitioner The Delaware and Hudson Company, that certain railroad or portion of railroad used by said petitioner, for its purposes as a common carrier and as part of its main line of railroad, located between Carbondale and Jefferson Junction, in the State of Pennsylvania, said railroad or portion of railroad being owned and also used by Erie Railroad Company.

[fol. 296] XIII. In holding that the Interstate Commerce Commission is not required to ascertain and report and include in any tentative valuation of the property or properties of petitioners, or any of them, all property used for common carrier purposes by said petitioners, or any of them, although said property may be owned by and also used by other common carriers subject to the Interstate Commerce Act.

XIV. In holding that the Interstate Commerce Commission, having selected June 30, 1916, as the date as of which it would ascertain and report the respective values of the property and properties of petitioners, and any of them, was not required to ascertain and consider, in making any tentative valuation thereof, the prices and wages and cost of reproduction actually prevailing and in effect on said June 30, 1916.

XV. In holding that the Interstate Commerce Commission, having selected June 30, 1916, as the date as of which it would ascertain and report the respective values of the property and properties of petitioners, and any of them, could ascertain or fix or determine such value, for the purposes of any tentative valuation, upon the basis of prices and wages actually prevailing or in effect on June 30, 1914, or upon the basis of prices and wages or average prices and wages prevailing or in effect throughout a term of years ending with June 30, 1914.

[fol. 297] XVI. In holding that the Interstate Commerce Commission was not required to ascertain and report in any tentative valuation of the property or properties of petitioners, or any of them, the working capital actually in use on the date with regard to which said tentative valuation was ascertained or fixed or determined.

XVII. In holding that the Interstate Commerce Commission was not required to ascertain and report in any tentative valuation of the property or properties of petitioners, or any of them, the working capital actually in use but might substitute for such working capital an amount or value less than such working capital, resulting from the use or application of, or resort to, an arbitrary formula based upon facts having no relation to working capital, or to the working capital of petitioners, or any of them.

XVIII. In holding that a tentative valuation of the property of petitioners, or any of them, does not become and constitute prima facie evidence of the respective values of the property or properties of petitioners in any hearing or hearings before the Interstate Commerce Commission on any protest or protests which have been or may be filed by petitioners, or any of them.

XIX. In holding that petitioners, and each of them, are not injured by the order of March 28, 1923, described in the petition.

[fol. 298] Wherefore, the above named petitioners, and each of them, pray that said final decree and order of said Court denying their application for a permanent injunction and dismissing said petition be reversed and set aside, with directions that such application be granted and for such other and permanent relief as may be appropriate.

(Signed) Walter C. Noyes. (Signed) H. T. Newcomb, Solicitors for Petitioners.

[File endorsement omitted.]

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[fol. 299] IN THE DISTRICT COURT OF THE UNITED STATES FOR  
THE SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

ORDER ALLOWING APPEAL—Filed September 25, 1923

In the above entitled cause the petitioners having made and filed their petition praying an appeal to the Supreme Court of the United States from the final decree of this Court dated August 30, 1923, and entered September 12, 1923, denying their application for a permanent injunction restraining the enforcement of an order of the Interstate Commerce Commission and having made and filed

an assignment of errors and having conformed in all respects to the statutes and rules of court in such case made and provided, it is

Ordered and decreed that the appeal prayed for be and it is hereby allowed, and the Clerk is directed to transmit forthwith a properly [fol. 300] authenticated transcript of the record, papers and proceedings to the Supreme Court of the United States.

September 20th, 1923.

C. M. Hough, Circuit Judge, Presiding. Jno. C. Knox,  
Henry W. Goddard, District Judges.

[File endorsement omitted.]

[fols. 301 & 302]

#### BOND

A Bond in the sum of \$500, with Fidelity and Casualty Company of New York as surety, was filed on Sept. 25, 1923, duly approved by Judges Hough, Knox, and Goddard, District Judges.

[fols. 303-305] CITATION—In usual form, showing service on P. J. Farrell and W. D. Riter, filed October 15, 1923; omitted in printing

[fol. 306] DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

ORDER ENLARGING TIME FOR DOCKETING APPEAL AND FILING RECORD—Filed October 16, 1923

Good cause being shown to the undersigned Judges who signed the citation upon appeal in the above entitled cause why the time within which the appellants should docket the case and file the record thereof with the Clerk of the Supreme Court of the United States should be further enlarged, it is

Ordered that the time within which the appellant shall docket this case and file the record thereof with the Clerk of the Supreme Court of the United States be and the same is hereby enlarged and extended until November 10, 1923.

October 12, 1923.

Jno. C. Knox, Henry W. Goddard, District Judges.

Consented to: W. D. Riter, for the United States. P. J. Farrell,  
for the Interstate Commerce Commission.

[File endorsement omitted.]

[fol. 307] IN THE DISTRICT COURT OF THE UNITED STATES FOR  
THE SOUTHERN DISTRICT OF NEW YORK

[Title omitted]

PRÆCIPUE FOR RECORD—Filed October 15, 1923

The Clerk of this Court is hereby requested and directed to prepare and certify a transcript of the record in the above entitled case for the use of the Supreme Court of the United States, by including therein the following:

1. Petition with exhibit attached thereto.
2. Order to show cause.
3. Petition of intervention of the Interstate Commerce Commission.
4. Motion of the United States to dismiss.
5. Motion of Interstate Commerce Commission to dismiss.
6. Minutes of proceedings of June 28, 1923, before the United States District Court, except the argument.

[fol. 308] 7. Affidavits received upon the hearing before the United States District Court; viz., (a) of H. E. Hale (b) and George H. Burgess.

8. Protest to Interstate Commerce Commission of petitioners received upon the hearing before the United States District Court.

9. Opinion of the Court per curiam.
10. Final decree.
11. Petition for appeal.
12. Bond on appeal.
13. Assignment of errors.
14. Order allowing appeal.
15. Citation.
16. Præcipe.
17. Order enlarging time for docketing appeal and filing record.

Dated this 12th day of October, 1923.

Walter C. Noyes, H. T. Newcomb, Solicitors for Appellants.

[File endorsement omitted.]



[fol. 309] UNITED STATES OF AMERICA,  
Southern District of New York, ss:

[Title omitted]

CLERK'S CERTIFICATE

I, Alexander Gilchrist, Jr., Clerk of the District Court of the United States of America for the Southern District of New York, do hereby Certify that the foregoing is a correct transcript of the record of the said District Court in the above-entitled matter.

In testimony whereof, I have caused the seal of the said Court to be hereunto affixed, at the City of New York, in the Southern District of New York this first day of November, in the year of our Lord one thousand nine hundred and twenty-three, and of the Independence of the said United States the one hundred and forty-eighth.

Alex. Gilchrist, Jr., Clerk. (Seal of District Court of the United States for the Southern District of New York.)

Endorsed on cover: File No. 29,943. S. New York D. C. U. S. Term No. 633. The Delaware and Hudson Company, The Albany and Susquehanna Rail Road Company, Rensselaer and Saratoga Rail Road Company, et al., appellants, vs. The United States of America and The Interstate Commerce Commission. Filed November 8th, 1923. File No. 29,943.